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FINANCIALTIMES

The conflict with its UK importer

Monday December 31 1990

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World News

Wide-ranging cabinet reshuffle in Japan

Japanese prime minister Toshiki Kaifu carried out a comprehensive reshuffle of his cabinet, changing 17 out of 20 ministers. Page 12

Greece backs down After an emergency cabinet meeting, the Greek govern-ment dropped controversial plans to free 13 jailed military officers who seized power in 1967 and imposed a seven-year

Hijackers give up A 36-hour hijack ended peacefully at Annaba, eastern Algeria, when two armed Algerians freed 52 hostages unharmed and surrendered

Gibraltar talks Lordon and Madrid discussed the option of taking down a fence dividing the British col-ony of Gibraltar from the Span ish mainland but no decision was reached

The Financial Times The Financial Times will not be published tomorrow. January 1. We would like to wish all our readers a happy

Albanians flee About 650 Albanians fled to Greece and many more were expected to cross the heavily

Argentine outcry Human rights organisations and foreign governments criticised Argentine president Carlos Menem's decision to free eight "dirty war" generals and one guerrilla leader after serv-ing little more than five years

in jail. Page 2 Famine warning Save the Children warned in London that the world must act in the first weeks of 1991 to avert catastrophic famine

in the Horn of Africa. Israelis open fire Israeli soldiers shot and wounded 14 Palestinians in the occupied Gaza Strip during a strike to mourn four Gazans

shot dead on Saturday. Walesa's choice

Polish prime minister-desig nate Jan Krzysztof Bielecki, a young free market economist esa, continued his efforts to form a transitional government. Page 2

Help for Bulgaria Bulgaria, crippled by fuel shortages, will receive 6.5m tonnes of petrol from Moscow in exchange for machinery.

German skiers die Three German skiers, one a mountain guide, died in the Fimbertal region of Switzerland in the country's worst

avalanche accident this winter. Bangkok air hazard Air pollution in traffic-choked Bangkok is well above recognised danger limits and environmentalists say it is killing street vendors and traffic

Peking rallying call China's communist rulers issued a rallying call to preserve socialism and block west-ern infiltration. Page 3

Ceasefire offered Sri Lankan Tamil guerrillas

called a unilateral ceasefire from midnight tonight in their armed campaign against government troops. Page 3

Angry new year Angry crowds lit bonfires and tore down lamp-posts in the eastern Siberian city of Chita to protest at a shortage of alco-hol for new year festivities. **Business Summary**

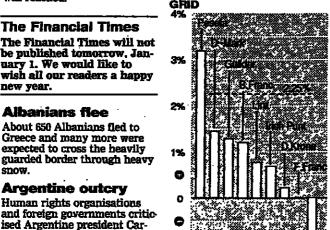
Bundesbank ready to lift rates to defend DM

Top officials of Germany's Bundesbank yesterday stressed the need to keep the D-Mark strong, if necessary by lifting interest rates, as political wrangling continued over ways of financing the cost of

unification. The German central bank has made clear it will put up rates further if the government's indebtedness rises too far. Page 12

EUROPEAN Monetary System: Sterling remained anchored at the bottom of the EMS exchange rate mechanism, but trading was very quiet, with the Christmas holiday closing European centres for much of the week. The D-Mark gained ground on Friday, influenced by sudden weakening of the dollar, but the market was too thin to draw any

EMS December 28, 1990



The chart shows member cut rencies of exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise by more than 2.25 per-cent from the weakest currency in that part of the system. Sterling and Spanish peseta operate within 6 per cent fluctuation bands.

TRANS World Airlines' owner, Carl Icahn, is poised this week to make a formal offer for Pan Am after merger negotiations between the two struggling US airlines stalled on Friday.

BRAZIL has bolstered its crusade against multinationals with new legislation aimed at controlling prices through threats of prison. Page 12

MATSUSHITA Electric Industrial of Japan has completed \$6.13bn tender offer for MCA, the US film and leisure group, in what will be the biggest US takeover by a Japanese company. Page 15

BCE Development, Toronto-based property developer, has asked for further sacrifices from financial backers to enable its main subsidiary Brookfield Development, to complete one of North America's biggest commercial construction programmes.

FIITURES exchanges: Chicago Mercantile Exchange and Chicago Board of Trade have agreed letter of intent with Reuters Holdings for Glober the automated system, to trade financial futures after hours.

Tokio Marine and Fire Insurance Company has taken a 10 per cent stake in Financial Security Assurance, US insurer specialising in financial guarantees for structured debt transactions, Page 16

GATT: US trade representative, Carla Hills, said the US was prepared to be flexible on agricultural subsidies in multi-lateral trade talks. Page 8

Murdoch close to financing deal after making concessions

By Raymond Snoddy in London

MR Rupert Murdoch, chief executive of News Corporation. has obtained agreement in principle from almost all banks involved in a \$7.4bn refinancing package needed to keep his media empire largely intact. It was clear, however, that to get the accord so close to completion Mr Murdoch has had to make two further significant

The agreement was being prepared to be sent out for signature by the 150 banks possi-bly late on Monday, although bankers say this could slip to Wednesday because comments are still awaited from a few London banks.

In addition to the already expensive terms of the refinancing deal, News Corporation has offered the banks a 1 per cent success fee payable at the end of the three-year term on the outstanding debt. By then the debt could still total more than \$5bn. Mr Murdoch has also had to

future dividends in stock rather than cash. Mr Murdoch's family controls 45 per cent of News Corp, the business of which ranges from five national newspapers in the UK to the 20th century Fox film studio and a fourth

agree, it is believed, to take

TV network in the US. According to senior bankers and News Corp officials, agreement by all the banks is close. Some Japanese banks have sent positive recommendations to their Tokyo head offices for

BUSINESSES MURDOCK MAY SELL DeLux Labs Australian print interests Daily Racing

Form Australian Ansett Transport Industries Other 2,000 de of the value of Mr

further confirmation. On Friday bankers said they already had agreements covering more than 80 per cent of the money involved. Many of the outstanding banks have been reached over the weekend. Lawyers worked over the weekend on the final terms of the agreement, which now contains the suggested modifica-tions of almost all the banks.

Mr Murdoch, who was skiing at the weekend in Aspen, Col-orado, clearly believes that the worst is now over for his beleaguered media business and that by the middle of January he will have final agreement on rolling over his debt. As part of the deal Mr Murdoch has given guarantees that he will reduce his debt by \$2bn during the course of the three

year refinancing.
In discussions with bankers, he has provided a list of "non-core businesses" that could be sold if necessary to keep to his undertaking. The list includes his 50 per

cent stake in Ansett Transport Industries, the Australian airline company; Daily Racing Form, the US racing bible; his Australian printing interests and Australian newsprint

To keep to his promise to reduce debt by \$2bn Mr Murdoch also has the option of issuing new equity if a "window" appears in the next three years. The borrowings could also be reduced by improved

In addition Mr Murdoch has pointed to "other possible dis-posals" worth in the region of \$500m. This category is not thought to include any of his major newspaper or television interests. Under the terms of the \$6.8bn refinancing, News Corporation will pay 1 per cent above the rate of interest on each of the banks' present loans, plus a front end fee of 1

The terms of a \$600m bridg-ing loan will include an interest margin of 2 per cent for the first six months rising to 2% per cent a year thereafter and a 11/2 per cent fee on the total amount used. The deal will also carry

strict conditions on Mr Murdoch's capital expenditure during the period and on both cash flow and interest cover Murdoch empire refuses to

Police and workmen yesterday cleared Moscow's tent city, the group of makeshift homes which had grown to symbolise growing citizen disillusionment with the Kremlin

Moscow introduces sales tax to pay social security

SOVIET president Mikhail Gorbachev is introducing a nationwide 5 per cent sales tax to finance spending on social security and some public sector salaries, and a stabilisation fund to support lossmaking enterprises during the country's economic restructuring.

The two presidential decrees will come into effect just as drastic increases in wholesale

prices for raw materials and energy are supposed to be prices and tax system will be

mented from tomorrow. The extent to which the new implemented by the rebellious union republics, including Rus-sia, is unclear. This depends on

of tax revenues and spending between the Kremlin and the republics for the coming year. A deal is meant to be reached by January 10. The result is that Soviet

enterprises and consumers are starting the new year in a state of near-total confusion about prices and production plans. The presidential decrees are intended both to protect those likely to be hardest hit by the transition to a market economy, and to provide a big new source of finance to limit the huge state budget deficit. Mr Valentin Pavlov, minister

of finance, said that both mea-sures had been approved by the union republics, as had the

introduction of new wholesale prices. The sales tax revenue would be divided with 70 per cent going to the republics. However, the republics have bitterly criticised the increase in raw material and energy prices, precise details of which

remain to be published. Energy prices may treble.

The republics say that the central government is forcing their enterprises to pay more, while giving the republics the unpopular role of deciding how much will be passed on to con-sumers in higher prices. Mr Pavlov told the trade union newspaper Trud yester Continued on Page 12

Transferable rouble, Page 2

Dole urges Bush to renew diplomatic effort in Gulf

By Llonel Barber in Washington, Andrew Fisher in Frankfurt, John Mason in London and William Dawkins in Paris



Dole: call for talks

MR ROBERT DOLE, the nate Republican leader, yesterday broke ranks with Presi-dent George Bush and called for a renewed diplomatic effort to find a peaceful solution to the Gulf crisis.

munity governments yesterday agreed to hold a special meeting of foreign ministers on Friday to discuss the crisis. in Washington, Mr Dole urged Mr Bush to show flexi-

bility so that his earlier offer of high-level talks in Washington and Baghdad could bear fruit before January 15, the United Nations deadline for Iraq to withdraw from Kuwait.

Mr Dole's call for fresh diplomatic efforts comes amid disquiet among some European countries about the failure of the talks to take place. The foreign ministers' meet-

ing has come at the suggestion ' Hans-Dietmon Gens the German foreign minister, who said yesterday that all peaceful means for solving the crisis should be exhausted before war could be considered. However, there was no indi-

cation that the meeting would produce a new European peace initiative and Mr Genscher insisted that Iraq must fulfil all UN resolutions passed during

"This means that Iraq has got to leave Kuwait. This is necesssary to restore justice and to make future aggression impossible," he said in a radio

The British government welthe meeting but firmly denied that it signalled possible splits in the international community's approach to the Mr Tom King, defence secre-

tary, stressed the importance of any meeting in continuing to make clear European unity in support of the UN resolu-

"It must not give any encouragement to Saddam

Hussein that we are considering some change in policy, or that Europe is going off on its own. That would be extremely damaging and quite wrong," he said in a BBC radio interview.

French officials also welcomed the move and said then expected the meeting to reaffirm European solidarity with Washington, Officials said minsters were unlikely to change their refusal, decided before Christmas, to meet Mr Tariq Aziz, Iraq's foreign minister, until US and Iraqi leaders had

Mr Dole said yesterday he based his call for efforts to revive the stalled talks on a

"gut feeling" that "the American people are not yet committed to war." He said in a televi-sion interview: "They want to make certain President Bush has done everything, pursued every avenue for peace, before the firing starts."

Mr Dole stressed that he con-

tinued to support Mr Bush's

Gulf policy, but his call for tac-tical flexibility probably reflects sentiment in the US Congress which is in recess. However, members are considering reconvening earlier

Continued on Page 12 Other reports, Page 3; UK security lapse, Page 4; Monday

US industry forecast optimistic with exports predicted to grow

By Nancy Dunne in Washington

CONTINUED GROWTH in 60 per cent of US manufacturing industries is forecast by the Commerce Department, despite recent gloomy economic statis-tics and uncertainties over the

In its annual US Industrial Outlook report, an analysis sectors comprising gross national product, the department predicts a modest decline in the current sluggish growth rates but continued strength in exports, due in part to the

In the first nine months of this year, export growth repre-sented more than 70 per cent of the growth in GNP. Mr Michael Farren, under-

secretary for international trade, in a preview of the report last week, said slower import growth would also aid the US economy. "The lower dollar is impor-

tant, as is slower domestic

growth, but another significant trend is caused by foreign firms locating in the US or

shifting production back here after an absence," he said.
He described as most striking the continued strength of the high-technology industries, particularly electronic components and peripherals and aircraft engines and parts. The machine tools sector is expected to benefit from continued investment to increase international competitiveness and to meet new environmental stan-

As in past years, the analysis makes no attempt to forecast the overall strength of the nation's economy.

However, the assumptions

under which it predicts sectoral conditions are considered

Mr Farren said the events in the Gulf had created "a large ent of uncertainty" which led the department specialists to settle for a forecast range, rather than a specific point estimate, of 1-3 per cent growth with the most likely case being growth at the lower end

dicted to be about 2 per cent but the US will be helped by the healthier conditions of its main trading partners, particularly Germany and Japan. The 60 per cent of the manufacturing industries predicted

Overall world growth is pre-

to grow represent about 75 per cent of total manufacturing The expectation is for past

trends to continue, although the declines in the construcand automotive sectors will begin to affect other sec-• The US economy could

recover strongly from the second or third quarter of next ended, Julius Baer Invest-ments, a Swiss-owned investment company, predicts, writes Peter Norman, Economics Cordent, in London. The London-based subsidiary

of the Swiss bank Julius Baer says the dollar could recover to DM1.75 and Y140 by the end of



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Soviet disaffection: Restless women and Family affairs: the emergence of dynasties at leading European business houses _______11 Lext The year of the hangover; Invasion; Ster-

The Week Ahead UK Glits .

The definitive ranking of Europe's industrial and

■ ACQUISITIONS, for decades a way of life for British and US companies the market values of publicly quoted European industry. That is the lesson of the new FT European Tuesday, January 8.

Changes among the top
normalized to the security of a number of

THE MONDAY INTERVIEW

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Chris Patten is the new caring UK Conservative party. His job as party chairman is to persuade the vot

ers that prime ministe

rve the best of the

John Major will pre-

Thatcher legacy.

Europe, a year after malia 'rekietiers'

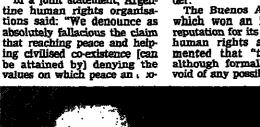
> _ 17 17 US Bonds 17

By John Barham in Buenos Aires

HUMAN rights organisations and foreign governments yes-terday criticised Argentine President Carlos Menem's decision to free eight generals and one guerrilla leader after serv-ing little more than five years

The generals had been convicted of crimes committed during the "dirty war", in which the military kidnapped, detained, tortured and mur-

In a joint statement, Argentine human rights organisations said: "We denounce as absolutely fallacious the claim that reaching peace and help-ing civilised co-existence [can





Former guerrilla leader Mario Firmenich leaves jall after being granted pardon by Argentine President Carlos Menem

existence are constructed: life, justice, ethics or morality, not Public opinion polls showed that more than 70 per cent of those questioned want the nine to mention human rights."

The pardons close an remarkable chapter in Latin American history. Argentina is the only country in the region

The French government recalled the deaths of two French nuns at the hands of Argentine troops. Washington is understood to have opposed the pardon of a former police chief extradited from the US last year to face trial for mur-

men to serve their sentences.

The Buenos Aires Herald, which won an international reputation for its opposition to human rights abuses, commented that "the pardons, although formally legal, are void of any possible content of

tenced in 1985 to life imprison-ment. They were also stripped of their military rank and banned for life from holding public office.

Mr Videla, who led the 1976
coup, was found guilty of 66
murders among other crimes,
while Mr Viola was found
guilty in 86 cases of illegal
detention. The bans on public
office and membership of the

to have tried, sentenced and jailed its former dictators both

for taking power and for their

human rights abuses.

The trials were preceded by an independent report that documented in harrowing detail the ordeal of the

Among the nine men freed

are two former presidents, ex-General Jorge Videla and ex-General Roberto Viola, sen-

gime's victims.

army remain in force.

However, the army still insists on the legitimacy of its victory over the terrorists. Officers have rebelled four times since 1987 in protest against the trials and low budgets, by which they believe civilian governments are intending to destroy the armed forces. Each time, the government has agreed to some of their requests. Former president Rail Alfonsin curtailed the trials of junior officers and Mr Menem promised to increase military spending after quelling an uprising this month.

ALF a world away from the military encampments on the In their despair, many were still attracted to the preaching of the Ghost Dance religion. Saudi sands, hundreds of Sioux which said that the messiah would return, resurrect their dead and destroy their white enemies. The army saw the Indians have been braving snowstorms and sub-zero temperatures to observe the anniversary of an earlier US army frenzied ghost dance as a potential insurrection. Tension was high, irrationality the rule of the day. It was 100 years ago yester-day that soldiers of the 7th US

On December 15 1890, Chief Sitting Bull was killed when Indian police tried to arrest him. It was his forces who had children at Wounded Knee, South Dakota, in the last bloody military confrontation of the American Indian wars. defeated Lieutenant Colonel George Custer at Little Big Horn 14 years earlier.

After the death of Sitting Bull, Sioux led by Bigfoot and his followers surrendered to the troops of the 7th Cavalry — The tribal tragedy was com-memorated at the weekend in Christian and Indian religious

Col Custer's old unit - at Wounded Knee. The massacre resulted as the army attempted to disarm the surrendered Indi-

ince then the Sioux, like other American Indians, have led an impoverished existence – a nation within a nation of unparallelled wealth and power. The 1.8m-acre Pine Ridge Reservation is the second largest in the country.

"We have no gambling casinos, no oil wells, no coal mines. We are not rich in natural resources," said Mr Jerry Jaeger, district director of the US Bureau of Indian Affairs.

It is a hard life for most of the reservation's 18,000 Indians. Although unemployment is endemic, the population has been growing at a rate of 5 to 10 per cent a year. The Lakota Sioux who live there are family-loving people, says Mr Jae-

After attending outside schools, they return to Pine Ridge to raise their children.

Those who work are wheat farmers, ranchers, or small

Sioux attempt to heal century-old wounds

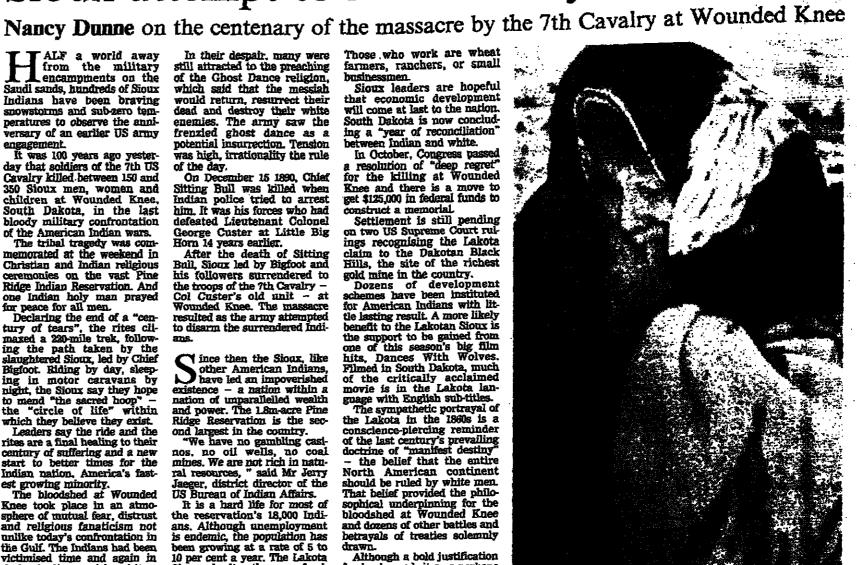
Sioux leaders are hopeful that economic development will come at last to the nation. South Dakota is now concluding a "year of reconciliation" between Indian and white.

In October, Congress passed a resolution of "deep regret" for the killing at Wounded Knee and there is a move to get \$125,000 in federal funds to construct a memorial Settlement is still pending

on two US Supreme Court rul-ings recognising the Lakota claim to the Dakotan Black Hills, the site of the richest gold mine in the country. Dozens of development schemes have been instituted for American Indians with little lasting result. A more likely benefit to the Lakotan Sioux is

benefit to the Lakotan Sloux is the support to be gained from one of this season's big film hits, Dances With Wolves. Filmed in South Dakota, much of the critically acclaimed movie is in the Lakota lan-guage with English sub-titles. The sympathetic portrayal of the Lakota in the 1860s is a conscience-piercing reminder of the last century's prevailing doctrine of "manifest destiny" - the belief that the entire North American continent should be ruled by white men. That belief provided the philosophical underpinning for the bloodshed at Wounded Knee and dozens of other battles and

drawn.
Although a bold justification for land greed, it was perhaps more rational than the current lofty goal in the Gulf - the preservation of a "new world order" at a time of manifest world disorder.



A woman weeps at the mass grave of the victims killed in the massacre at Wounded Knee, South Dakota, 100 years ago. The ceremony, held in temperatures of minus 20 degrees, sought to heal the wounds of a "century of tears".

Lowest of the low — on the floor at Budapest station

HERE is faint romance left in the Orient Express as the train pulls into Budapest's cavernous and dilapidated Eastern Station and unloads another batch of penniless travellers to add to the homeless who huddle together near the ticket office for warmth and shelter.

On the door of the waiting room hangs a sign saying "closed for sanitation". So the only place to sleep without being moved on by the police is in a broad corridor which leads nowhere now that the railway company has given it up to the ss and blocked one end of it. Well-wrapped bodies and bags line both walls, except where seeping water has gathered in dips in the concrete

Some, including the home-less and those who frequent homeless teenage prostitutes, seek privacy in the carriages which stand in the station for

After police raids last month failed to dislodge the station's unwelcome guests, harassment is now just token and routine. At 4 am the cleaners come and prod awake the residents of the corridor, complains a group of gypsies from Sepiszentgyorgy Transylvania who have been in the station for a month. They have to move their bags and stand like cattle in the middle of the passageway, while the cleaners sweep the edges of the pen. An old lady says they only get three hours' sleep before another day of casual work to earn enough for

The gypsies bear their humiliation with humour and, in any case, see the filth of the Eastern Station as sanctuary from what they say is war in

Others are not so robust. Gheorghe, an engineer from Bucharest, sits despondent on his rucksack, reluctant to lie down on the grimy floor. He came with his wife and a friend to see Budapest, sell some clothes and go shopping; but the cheap hotels near the station were unaffordable. A Europe without borders is a vision which has turned to dust in his eyes. "It's not

Nicholas Denton visits the refugees pouring into Hungary with no homes to go to

right," he says, again and

again.

As he speaks, an old man, either crazy or desperate for warmth, flings himself down onto a pile of sleeping figures. They erupt and, shouting and fialling, throw him off. The station people are the lowest of the low in the complex hierarchy of the homeless in Hungary. Of the 3,000 or so who live in Budapest's main railway stations, half are migrants, according to a sur-vey last summer. The propor-

tion is bigger now.

A any of the rest are some of Hungary's estimated 300,000 alcoholics for whom institutions can do little.

For Hungarian nationals, the next stop from the Eastern Station - and one place higher in the pecking order - is the net-work of small hostels which have sprung up since the problem of homelessness was acknowledged in the summer. "Those who really want to go to a hostel now, can," says Mr Miklos Vecsei, a volunteer organiser at the Maltese Cross

in a northern suburb of Budapest. The organisation took over a building of the Worker's Militia, the private army of the old Communist party, and has turned it into one of the city's best hostels.
The majority of the residents

were alone, says Mr Vecsei.
"At the age of 50 they seem alright. They have a wife and children, but then they get divorced and they are forced onto the street alone. After a divorce, the husband is auto-matically homeless."

Most of those who work with the homeless agree that the problem is not new but is only now being painfully recogthey weren't called homeless. The names were vagrants, tub-

emen, tramps," says Mr Peter Gyori, a sociologist who advises Mr Gabor Demszky, Budapest's radical new mayor, on housing and social policy.
But the new ingredient is
that hard-pressed Hungarian
state companies are closing down the tied accommodation which acted as a safety net. "Up to now there were big workers' hostels where the homeless were hidden," says

Mr Vecsei The estimated 10,000 home-less currently in Budapest is a manageable though unpleasant number. What worries Hungarians is the threat that Hungary could become again, as it was known between the wars, a nation of 3m beggars. "Potentially there are a million homeless in Hungary," says Mr Vec-

to the statistics is Mr Jozsef Varga, a middle-aged man who arrived at the Maltese Cross hostel four days after he was

let out of prison. At first, the doorkeeper will not let him in because he has a little cash and does not have the right documents. But he persuades Mr Vecsei with his history.

"I knocked down and killed two policemen one evening. I got nine years and eight months. While I was in prison my parents died. All I've got is in my bag. I've got no acquaintances, no relatives, no one. I haven't slept for three nights. Do you know what that's like? I walked the streets. I was sent away from the railway station. I am dirty, unshaven: I am not accustomed to that." As Mr Varga speaks, tears course down his dirty wrinkled face. "My parents died and my brother has everything. It's worse than during the Kadar [communist] regime. That wasn't a dream either, but still, this is worse. They help everybody; billions are spent on the Russians and Romanians, but nobody helps Hungarians. OK. I committed a crime; I did my time in prison for that. But no one should have to be punished three times. I may or not get a job, I've got no flat: I'll go to the metro and jump on the rails - finish."

Death of the surreal Transferable Rouble

practice the Soviet Union sim-

By Anthony Robinson, East Europe Editor

UNLAMENTED, the Transferable Rouble (TR) dies at midnight tonight as the Soviet Union and its Comecon trade partners switch to using the US dollar and international pricing as the basis of their rapidly diminishing trade.

Cavalry killed between 150 and

350 Sioux men, women and

ceremonies on the vast Pine Ridge Indian Reservation. And

Ridge Indian Reservation. And one Indian holy man prayed for peace for all men.

Declaring the end of a "century of tears", the rites climaxed a 220-mile trek, following the path taken by the slaughtered Sioux, led by Chief Bigfoot. Riding by day, sleeping in motor caravans by night, the Sioux say they hope to mend "the sacred hoop" — the "circle of life" within which they believe they exist.

Leaders say the ride and the

Leaders say the ride and the rites are a final healing to their

century of suffering and a new start to better times for the

Indian nation, America's fast-

est growing minority.

The bloodshed at Wounded Knee took place in an atmosphere of mutual fear, distrust and religious fanaticism not

unlike today's confrontation in

the Gulf. The Indians had been victimised time and again in their dealings with whites.

Forced on to ever-shrinking reservations, they became

increasing dependent on the US government for their sur-vival.

Never actually transferable, even into ordinary roubles, the TR was strictly a book-keeping device, a notional currency used mainly to calculate the balances of bilateral trading, of which the most important was between the Soviet Union and its east European and third world economic "partners" – such as Angola, Vietnam and Cuba.

The TR was as artificial as the trading group it was meant to serve. Widely known as Comecon in the west, the correct name of the Moscow-based organisation is the Council for Mutual Economic Assistance Mutual Economic Assistance (CMEA). Created by Stalin in 1949 after he refused to allow Poland and other newly acquired satellites to benefit from Marshall Aid, it was designed to give some kind of economic cohesion to his new

European empire.
Trade and other economic relations between the Soviet Union and the newly independent countries of eastern and central Europe were minimal between the wars, and Germany was the dominant economic power. Now that Moscow has given up political control over the area this pattern is re-establishing itself rapidly, a process which will be speeded up when trade is conducted on a dollar basis from tomorrow. In the short run the Soviet Union should gain substantially from the switch to dollar pricing because it will finally be able to charge full world prices for

the oil and energy products

which make up the bulk of its exports. It will no longer have to accept inferior manufac-tured goods from Comecon in return but will be free to spend its dollars where it wants.

Moscow will still want to buy high-quality, high-powered

electric railway locomotives from Skoda of Czechoslovakia or railway wagons from east Germany, partly because long experience and established business connections will still count in favour of east Europe-

Comecon trade

ply closed the taps, sending less than half the oil it had initially contracted to supply. With no buffer stocks to rely on, the resulting shortages sent hard-pressed east Euro-pean governments rushing to obtain high-cost oil from spot market dealers.

Thanks to higher oil revenues, the recent IMF report on

the Soviet economy calculated that the Soviet Union should be running a surplus of

trading is Bulgaria, whose trade with the Soviet Union is so extensive as to make it a virtual economic province. In 1989, over 60 per cent of its exports — mainly food and hopelessiy obsolescent electronic products — went to the Soviet Union, from which it bought 54.5 per cent of its imports. Now it faces ruinously high oil prices and fierce competition from south-east Asian producers for its industrial

There is little doubt however that the main effect of the switch to hard currency-deswitch to hard corrency-de-nominated trading will be felt by the thousands of low-tech, low-quality manufacturing companies throughout the area which have been cushioned from competitive pressures for decades by steady long-term contracts and the general shortage of hard currency. Not even rock-bottom real wages will save them, and much of

> years will come from the closure of such plant. The reverse side of the coin is that much of the needed increase in productivity in east European economies should come from the redeployment of these wasted human and material resources. One of the main defects of Comecon, and the centrally planned system it was part of, was the way in which it institutionalised technological backwardness and

the expected increase in unem

ployment over the next few

not actually change hands much, but will merely serve as

a more realistic calculating basis than the surreal TR.

lack of innovation. What division of labour took place did so on the basis of monopoly specialisation. A classic case is the Hungarian Ikarus bus plant, which over the years supplied more than 80,000 virtually identical buses to the Soviet Union. Now the loss-making Ikarus is up for sale to connecting western and sale to competing western and Soviet buyers. The western consortia plan to modernise the plant to make internationally competitive vehicles to the

Share of COMECON trade with the Soviet Union **** Poland Romania Bulgaria Częchoslovakia East Germany Hungary TO A REPORT OF THE PROPERTY OF 1980 85 86 87 88 89*1980 85 86 87 88 89*

an-based suppliers - particularly if they team up with west-ern partners to upgrade their product ranges. But many will be forced out of business unless they can compete on

price and quality.
Until now, oil prices to Com-econ customers have been based on a five-year moving average of world prices. In 1990 this included the low-price years of 1986 and 1988. This should have shielded eastern Europe from the Gulf-induced price rises of recent months. In

Walesa finds a prime minister

(£5.12bn) on its Comecon area trade in 1991. Even so the improvement will not be enough to offset an expected \$10.1bn-\$14.7bn deficit on traditional hard-currency trade with the rest of the world.

In theory, Moscow's gain will be eastern Europe's loss. In practice, everybody is likely to be a loser because of the expec-ted big disruption of trade and the absence of clear rules. Potentially the biggest loser in the switch to hard-currency

The least exposed is Poland, thanks to its largely indige-nous coal-based energy struc-ture and to its textile, food and other consumer-based indusother consumer-based indus-tries, producing goods which may not be strictly competitive in terms of price and quality but which are useful objects for the extensive barter-type arrangements which some will be the most likely short-term consequence of the nominal shift to dollar trading. They suspect that dollars will

ally competitive vehicles to the latest standards. The main aim of the Soviet consortia is to ensure a steady supply of the kind of rugged, basic buses which its repair shops and engineers got used to coping with over the last 20 years.

Fall in French retail prices

By William Dawkins in Paris

FRENCH retail prices fell slightly in November, the first monthly fall since February 1986, partly thanks to lower oil prices after their initial post-Gulf crisis surge. Retail prices fell by 0.2 per

cent last month, a small

RETAIL PRICES (1985 = 100)

Oct. '90

124,1 110,2 108,2 118,2 137,7 105,1 113,1

110.1 108.0 118.1 137.4 105.0

Sept'90

109.0 107.5 117.6 136.7 104.8

106.0 104.9 114.0 125.3

reverse on the 0.5 per cent rises recorded in September and October, reported Insee, the state statistical institute. This brings the increase in French retail prices since the start of the year to 8.4 per cent.

% change over previous year

+6.3 +3.9 +3.0 +3.6 +9.7

+2.8

ing of the gap with Germany, where retail price inflation over the same period was just under 3 per cent, and as such is a small dose of good news for the French Finance Ministry's efforts to keep near the German inflation rate. That compares with 9.7 per cent retail price inflation in Britain and 6.4 per cent in the US over the same period, according to Insee. This suggests French retail prices should rise by 3.5 WORLD ECONOMIC INDICATORS per cent this year, slightly

> in 1989, said Insee. It reckons the oil price fall accounted for just under a third of the November retail price decline. Insee said it recorded a 5.1 per cent decline in petrol prices during the month, while the price of heating oll was down by 4.6 per cent. However, small increases were recorded in the prices of were recorded in the prices of to stay in the new government food and services in November. as deputy prime minister with

below the 3.6 per cent recorded

By Christopher Bobinski in Warsaw

A LONG and at times frustrating search by Mr Lech Walesa for a prime minister ended on Saturday when Poland's president put forward Mr Jan Kraysztof Bielecki, a 39 wear old business consultation. 39-year-old business consul-tant, for approval by parliament at the end of this The new government is expected to stay in office only until parliamentary elections ed for early summer. Mr

Walesa stepped up the pres-sure on a reluctant Mr Rie-lecki to take the job after Mr Leszek Balcerowicz, the finance minister with overall responsibility for the economy, refused to accept the

By then the president had also lost hope of persuading either Mr Tadeusz Mazowiecki, the outgoing prime minister, or Mr Bronislaw Geremek, leader of the Solidarity faction which had unsuccessfully opposed his challenge for the presidency, to bead the gov-erament in a caretaker role. This would have consolidated the Solidarity movement and defused opposition from Mr Walesa's opponents ahead of

Mr Balcerowicz is expected



business consultant reluctantly persuaded to take office

sole responsibility for the economy and has made it clear to Mr Walesa that he will continue with Poland's IMF-approved tight monetary pro-

At the weekend the authorities announced a 20 per cent electricity price rise and an 80 per cent gas price increase to ne in at the new year. Mr Bielecki, who entered parliament in June 1989 on the Solldarity list, founded Dor-

adca, a consulting company closely linked in the 1980s

with the Solidarity under-ground. He is also a leading member of the Gdansk-based free market Liberal Democratic Congress. He is loyal to Mr Walesa.

During the presidential cam-paign he criticised the outgoing government for going too slowly with privatisation and not doing enough to restruc-ture industry and encourage the growth of the private sec-Now he faces the task of

establishing his authority over a government in which Mr Balcerowicz will play a domi-nant role while Mr Walesa, too, can be expected to intervene in day-to-day policy.

Mr Bielecki is expected to bring in Mr Andrzej Machalski, the head of the employers' association as the next indusassociation, as the new indus-try minister and Mr Janusz Lewandowski, a colleague from his small Liberal party,

to head the privatisation Mr Jerzy Eysmoutt will head CUP, the planning office, while Mr Michal Boni, the Sol-idarity leader in Warsaw, has en asked to run the Labour Ministry.

The new government will also want to replace Mr Wlad-yalaw Baka as the head of the

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EMPLOYEE SHARE OWNERSHIP

The FT proposes to publish this survey on 23rd January 1991.

It will be of special interest to the 79% of Chief Executive in Europe's Top 2000 companies who read the Financial Times, If you want to reach these important audiences, call Bill Castle on 071 873 3760 or fax 071 873

FT SURVEYS

Greece

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Outward-looking fighter ready to talk trade flexibility

THE MAN chosen to talk trade for Japan, Mr Elichi Nakao, the new minister of international trade and industry, is famed for his strong opinions and his fighting words.

well as in Japanese. well as in Japanese.

Mr Nakao, 60, is known to think of himself as an "internationalist", and is proud of his friendships with officials in the US and elsewhere, yet he has also been a close associate of the unashamedly nationalistic Mr Shintaro Ishihara, author of the book The Japan That Can Say "No" Sav "No".

Having served as director general of having serven as unrector general of the Economic Planning Agency, Mr Nakao has represented Japan at inter-national meetings on economic issues. He has been prominent in Japan's defence debate, arguing that military capability should be significantly expanded

After his appointment, Mr Nakao said that Japan should attempt to improve its reputation by playing a prominent Kabun Muto, left with a warning that

gest aircraft manufac-turers are engaged in an

intense battle for a contract to build the next generation of aircraft in China. The outcome

depends as much on the twists

and turns of bureauctatic Chi-

nese rivalries as the merits of At stake is a contract worth \$5bn to \$10bn. Under the terms

of the proposed project, China will jointly produce and assem-

ble 150 aircraft with either Boe-

ing or McDonnell Douglas of the US. The European Airbus

consortium has chosen not to

compete. China's national airline, the

Civil Aviation Administration of China (CAAC), will buy the

aircraft for use on its domestic routes, beginning in 1996 and continuing until 2007. Which-

ever company wins will have

the inside track on aircraft

orders in China for at least the

But the Chinese are divided

over who should win the con-

tract. The Ministry of Aero-

space Industry strongly favours McDonnell Douglas,

which since 1985 has been

producing MD-82s in Shanghai,

while CAAC is backing Boeing. CAAC and the ministry have conflicting requirements, mak-

ing the decision that much

The Ministry of Aerospace is

concerned with generating jobs

and building a Chinese aircraft-manufacturing indus-

try from scratch that will even-

tually be able to export aircraft

and compete on the world mar-

ket. But CAAC does not want

any ministry involvement in

the production process, arguing that its plans would mean

that the Chinese could not

make aircraft cheaper than the

Boeing plant in Seattle. CAAC's worry is that it is in

competition with other airlines

and that it cannot sacrifice its

own organisation to support

factories owned by the minis-

try, one aviation official said.

next decade

more difficult

Robert Thomson profiles Mr Eiichi Nakao, the new minister in charge of the powerful international trade and industry ministry in Tokyo. He is expected to adopt a much more assertive role as he makes use of his extensive foreign contacts, his good command of the English language and his knowledge of the outside world

Japan was criticised for taking a low to be more forceful, and more willing to be quoted, when the talks resume.

Mr Nakao is likely to relish such a

Japan must open its rice market to imports. He added that Japanese minis-ters had discussed proposals among themselves in Brussels.

minister. Mr Tomio Yamamoto

Kondo – the new minister of agricul-ture, forestry and fisheries – will prob-ably have to take the blame for presiding over an opening of the rice market.

Mr Kondo, 60, is said to be "flexible" on the rice issue, but is bound by a parliamentary resolution and his obligations as agriculture minister to

oppose imports.

He said that he is "honoured but tense" at having been given the post during such an important period of trade negotiations.

He recently gained experience in handling sensitive international issues, through a mission to the US to restore calm to Tokyo's relations with Washington. Mr Seiroku Kajiyama, the retiring justice minister, had struck sensitive nerves in the US by saying, on a visit to a windown eith district visit to a run-down city district in Japan, that the presence of black people and prostitutes was symptomatic of

US signals on farm subsidies

By Lionel Barber in Washington

MRS Carla Hills, the US Trade Representative, yesterday declared that the US was prepared to be flexible on the vexed issue of agricultural subsidies in the Gatt multilateral trade talks.

in a television interview, she said the US was willing to modify some of its demands on condition the European Com-munity agreed to reform on three areas of the Common Agricultural Policy: internal supports; barriers to market access, and the "most perni-cious" export subsidies.

"We're adamant that we get reform in each of the three areas because they're all inter-linked; you can't do one and leave the other or you get a lopsided fix," she said. How-ever, the US was flexible both on the size and time-scale of the phase-out of these farm subsidies.

Earlier this month, the Gatt

talks collapsed in Brussels after the US and Third World countries objected to the European Community's offer of a 30 per cent cut in farm subsidies. The US pushed for a 90 per cent reduction over 10 years.

During his recent trip to the
US, Mr John Major, the British

prime minister, criticised both the US and EC for inflexible negotiating stances.

He called for a fresh effort next month when talks are set to resume to save Gatt's Uru-

guay Round Mrs Hills' comments suggest a willingness to bargain, but only if the Europeans concede the principle of moving on ail

In other comments, Mrs Hills said Japan had made "a grave mistake" for not supporting market access reforms on agriculture, a failure she attributed to a desire to protect their rice

NEWS IN BRIEF

Disgraced leader back in Seoul

DISGRACED former South Korean president Chun Doo Hwan ended two years of self-imposed exile vesterday and returned to the capital Seoul, AP reports from Seoul.

Aides said he left a remote

14th-century Buddnist temp in the eastern mountains in time for his 60th birthday in January and at the urging of President Roh Tae Woo, who last week said he did not want to see Mr Chun spend a third winter in seclusion.

Bank optimistic over HK economy

Hongkong and Shanghai Bank ing Corporation at the week-end joined the cautiously opti-mistic forecasts for the colony's economy next year, AP-DJ reports from Hong

Kong. The bank expects the economy to expand by 3.6 per cent, as strong growth in re-exports from China and improved domestic exports lead to the best growth rate in three years.

Aquino plan to reform government

Philippine President Corazon Aquino yesterday named two officials to vacant cabinet posts and said she was studying ways to reorganise and stream-line her government, AP

reports from Manila.

She named Mr Peter Garrucho, currently tourism secretary, as secretary of trade and industry, replacing Mr José Concepcion, and Mr José de Jesus, until now presidential co-ordinator, as acting secretary of public works and highways, replacing Mr Fiorello

Unions snub Kaunda The Zambian Congress of

Trade Unions, an umbrella union group, has cut ties with President Kenneth Kaunda's ruling United National Inderuning United National Inde-pendence Party (Unip) to back the country's first legal opposi-tion movement, the Movement for Multi-party Democracy (MMD), according to the state-owned Sunday Times of Zambia, Reuter reports from

Vlok boosts police An extra 10,000 policemen will next year to counter the soar-ing crime rate. Reuter reports

from Johannesburg.

The government said the extra police would be stationed extra ponce would be stationed in the worst trouble spots. Mr Adriaan Vlok, law and order minister, also told the Johannesburg Sunday Times that he would bring in tougher penalties for illegal possession of

• THE MIDDLE EAST

Israel reinforces its forces in Gaza Strip as clashes continue

By Judy Maltz in Jerusalem

CURFEWS were clamped on most of the occupied Gaza Strip yesterday, which was declared a closed military zone after widespread clashes over the weekend in which four Palestinians were shot dead and over 150 wounded.
Another 14 Palestinians were

reported wounded yesterday, as a strike was held to mourn the four dead.

Israel bolstered its forces in

Gaza, anticipating further violence tomorrow on Fatah Day, marking the 25th anniversary of the guerrilla operation launched by the organisation. Fatah is headed by PLO chairman Yassir Arafat.

The latest tension in the Gaza Strip comes several days before the visit of Mr Ghuido de Marco, the UN General Assembly president, to the occupied territories. The death toll this weekend was the highest since Israeli police shot dead 18 Arabs on the Temple Mount in October.

The UN representative's visit was planned in response to the Temple Mount killings. On Saturday, two masked

were killed after they ignored orders to halt, according to the army. Gaza residents then gathered in the streets and began throwing stones and petrol bombs at soldiers standing guard. In response, the army opened fire with live ammuni-tion, and two more Palestin-ians were killed. Mr Shmuel Zucker, the

Israeli commander of the Gaza forces, said the use of live ammunition had been justified. "The forces felt they were under threat, and therefore they opened fire," he said yes-terday. He added that as a result of

the latest violence, troop reinforcements would be sent to the Gaza Strip. Asked whether he foresaw violence being stepped up, he said: "Every incident has to be examined on its own, and every incident has its own reasons. Even today, one day after yesterday's incident, there is no large-scale

In Haifa, a 60-year-old Israeli was found stabbed to death in his apartment. Police said he might have been killed by Pal-Palestinians carrying knives

Turkey's Nato aircraft held back

By Our Foreign Staff

TURKEY said at the weekend it would not use a special deployment of Nato aircraft to launch an attack against Iraq, amid reports that Bagdhad was reinforcing its forces along the border with Turkey. Mr Ahmet Kurtcebe Alptem-

ocin, Turkey's foreign minister, said it would be "out of the question" for Nato aircraft to be used outside the alliance area. "They can engage in defensive action if there is a threat levelled at Turkey," he

Nato members are still considering Ankara's request last month for the deployment of 42 aircraft from an alliance rapidreaction force as a deterrent against Iraq. The US Air Force has

aiready based several squad-rons of long-range F-111 fighter bombers and F-16 interceptors at Incirlik airbase in southern Turkey, as part of the multina-tional build-up of forces against Iraq.

German and Belgian air force advisers arrived in Turkey this weekend to discuss the logistics of Turkey's latest request. Germany and Belgium have 18 aircraft each in the three-country reaction force, and Italy six. However, the German gov-

ernment stressed that sending Luftwaffe advisers would not herald a greater military commitment against Iraq. Mr Dieter Vogel, Bonn government spokesman, said that sending ground forces was "absolutely not under discus-

sion". Germany has kept its help for the multinational effort against Iraq to financial and logistical support, saying that the dispatch of troops would violate its constitution.

Meanwhile, Turkey moved to

shore up defences near the Iraqi border by sending several squadrons of F4, F-5 and F-16 aircraft to the south-east. Turkish newspapers said last week that a further 12,500 paratroops and infantrymen had joined 100,000 troops already deployed

along the border with Iraq.
Iraq is also believed to have boosted its forces in the area. Asian diplomats were quoted this weekend as saying that thousands of troops, armed with Soviet-built T-72 tanks,

had recently moved north. Iraq's forces near the Turkish border are already believed to comprise eight divisions including two armoured divisions, for a total of nearly 100,000 men.

Reuter reports from Bahrain: Saudi Arabia's Ras Tannurah refinery, which has supplied aviation fuel to US-led forces in the Gulf, resumed production on Saturday after two weeks of repairs to fire damage, according to oil executives in the

Saddam attacks Bush and Fahd as 'traitors'

PRESIDENT Saddam Hussein of Iraq yesterday issued a vitri-olic attack on President George Bush of the US and King Fahd of Saudi Arabia, branding them traitors to their religions.

Reuter reports from Nicosia. However, in this his new year message, Mr Saddam failed to mention Kuwait dur-ing the broadcast on Iraqi television. He maintained strong Iraqi deflance towards the UN ultimatum to withdraw from Kuwait by January 15.
The Iraqi leader said good and evil were battling for

supremacy in the world, and said God should "curse" those who have "who betrayed the teachings of Jesus Christ". He described Mr Bush as having done just that, in the same way that Judas had betrayed Jesus. Mr Saddam also said that King Fahd should be called "the traitor of

However, Mr Latif Jassim, Iraq's information minister, also said yesterday that Iraq would not rule out talks with Saudi rulers. "We have no problem with Saudi Arabia. They created the problem for

themselves, for the Arabs, for

ing let foreign troops into Sau-dia Arabia, which embraces Islam's two holiest sites, Mecca

and Medina.

their history and the history of their family," he said.

Mr Saddam's message, obtained by the Cable News Network television service and

Network television service and monitored in Cyprus, linked the "renegades and hypocrites [who] betrayed Islam" to the Saudi king.

The Iraqi leader, appealing to Arab sentiments, cited the Israeli-occupied territories, the Golan Heights and Lebanon as regions where "security and regions where "security and peace remain today outside the

unilateral ceasefire

mittee of the Red Cross (ICRC). The Tigers have also come

THE separatist Tamil "Tigers" (LTTE) have declared a unitateral ceasefire starting at mid-night tonight, after six months of fierce fighting which has claimed more than 3,000 lives and created nearly 1m Tamil. Moslem and Sinhalese refugees

the educational system, wields considerable influence. The church has been supported in its efforts by western donors, especially the Scandinavians, and by the International Comsouth Indian state which has served as the guerrillas main sanctuary and source of arms and money. Domestic political considerations have compelled Mr Chandra Shekhar, the Indian prime minister, to com-pel Tamil Nadu's authorities to crack down on the Tigers. The Tigers have also established contact with armed

under pressure recently in Tamil Nadu, the neighbouring

secessionist groups in India, including the rebels in Assam, on the Burmese border. Besieged by many secessionist revolts, the Indian authorities now regard the Tigers as a security threat.

He can express himself in English, as

role in the now-stalled Uruguay Round of multilateral trade negotiations under the General Agreement of Tariffs and

profile at the failed Gatt talks in Brussels, and officials at the Ministry of International Trade and Industry in Tokyo are known to want their minister

Boeing appears to have the

edge, according to western

experts. Since former President Richard Nixon of the US flew

to China on a Boeing 707 in 1972, CAAC has wanted little to do with McDonnell. The Chi-

According to aviation experts, CAAC believes that

the MD-82 and the MD-90 varia-

tion, which would be produced

if McDonnell wins the contract. are too heavy for China's air-

strips. Some airports have

already reinforced their run-ways, but to strengthen them

nationwide would be extremely

costly, they noted.
McDonnell Douglas counters,

however, that more wheels can

be added to the aircraft to

redistribute more evenly the

pressure of weight on rimways.

bureaucracy was highlighted

this autumn when, amid growing concern at CAAC that

McDonnell was close to clinch-

ing the deal, the Chinese air-line invited Mr Frank Shrontz,

Boeing chairman, to Peking at

short notice.

The airline is said to have told Boeing it was in danger of

losing unless it showed more

interest in satisfying Ministry

of Aerospace requirements. At

a meeting with Chinese pre-

mier Li Peng, Mr Shrontz dis-

cussed the price of the 737s and

emphasised the company's

seriousness about being a part-

McDonnell, under the terms

of its proposal, would simply expand its operation in Shang-

The division in the Chinese

decided that they must open the rice market, but Mr Yamamoto believed that friction between the US and EC could allow the Japanese government to keep the farm lobby at home happy

by continuing to ban imports.

While Mr Yamamoto will be fondly

That politically sensitive claim was later denied by the outgoing agriculture

Japanese officials have already

China sketches out its aviation future

US manufacturers are competing for a crucial order, writes a Peking correspondent CHINA'S communist rulers, confronted with the decline of Marxism abroad and widespread dissent at home, yester-

day issued a rallying call to

preserve socialism and block western political infiltration,

nese airline has bought 62 air-craft from Boeing for nearly The long-delayed six-day meeting of the central commit-McDonnell adopted a different approach to cracking the Chinese market. With the blessing of the aerospace min-istry, it established a cotee, headed by party leader Jiang Zemin – pictured right – also adopted an economic blueprint for the next five years which Chinese econo-mists said was a muddled comproduction arrangement with the Shanghai Aircraft Industrial Corporation. It has turned promise between reformists out 18 MD-82 passenger airand conservatives. craft, with orders or options for 27 more. McDonnell has also sold the Chinese five MD-11s.

"Success or failure in our efforts in the 1990s. . . will have a direct bearing on the rise or fall of China's socialist system and the future and des-tiny of the Chinese nation," an official communiqué read.

"Faced with a complicated and ever-changing interna-tional situation, it is crucial that we manage our domestic affairs well," it added. The remarks were a reference to the collapse of communism in eastern Europe.

On the economy, few details were disclosed of the draft 1991-1995 central plan or the '10-year programme" for the 1990s. The communiqué said the economy should grow "in a sustained, stable and co-ordinated manuer" and that "big ups and downs" should be avoided. China's economy overheated in 1988, giving rise to record inflation of over 30 per cent, but fell into recession in 1989 as the government put

on the brakes. hai, putting in more capital to become a partner in the venture. Boeing, however, manufactures few components in China, apart from a tail fin in Xian, and has been reluctant to become involved in large-scale production. Under its proposal, China would assemble and make in Shanghai components



for 737-300s and for other 737s produced in Seattle. selected. China will be the win-ner. The government has stipulated that 51 per cent of the

Whichever company is value of the aircraft must even-tually be from Chinese sources, and that some of the country's cost must be absorbed by

export contracts. This also applies to sub-contractors, luding engine makers. Those in the running are General Electric of the US (if

Boeing wins) and a consortium called International Aero Engines including Rolls-Royce and Pratt & Whitney (if McDonnell wins).

Greece scraps plan to pardon ex-dictators

THE conservative government on Sunday said it would not go ahead with announced plans to pardon Greece's jailed military dictators, AP reports from Greece.

A government announcement said it decided to back down from its decision to pardon the leaders of the 1967-74 right-wing military coup in order to "avoid political ten-The announcement on Friday that the government had

decided to pardon nearly all the remaining jailed former members of the junta provoked cries of outrage and denunciations from conservatives, socialists, Communists, and other leftwingers in Greece and on the island of Cyprus. The Prime Minister. Mr Constantine Mitsotakis told report-

ers on Friday he would begin the process for granting clem-ency to the 13 former officers today and that they might even be home for the new year. The news of the planned clemency led to a storm of protest against the government from political friends and foes alike, all pointing out that the military junta had been notori-ous for torturing, jailing and exiling thousands of Greek citi-

The decision to back down and leave the coup leaders in jail followed an emergency cab-inet meeting last night.

Government spokesman

Byron Polydoras said "the gov-ernment had decided not to pursue the clemency process" to prevent the controversy from causing political tension.

What angered many Greeks who opposed clemency was that none of the coup leaders has ever requested a pardon, saying they had done nothing wrong and had saved the coun-

Three killed in Bangladeshi prison unrest

THREE prisoners were killed and 100 seriously injured when guards at Dhaka central jail fired on rebellious prisoners yesterday, Reazuddin Ahmed

reports from Dhaka.

The unrest started when about 5,000 prisoners asked the interim Bangladeshi government to free them following the recent fall of General Hossain Mohammad Ershad, claiming that they did not receive justice during his rule. The administration has not yet responded to the appeal.
Prisoners were holding the bodies in their wards to reinforce their demand. The gov-ernment has set up a commission of inquiry and some top



India's PM starts talks on Sikhs

By K.K. Sharma in New Deihi

iail officials have been moved

out of Dhaka. to quell the pris

MR CHANDRA SHEKHAR, India's new prime minister, has held direct talks with a representative of Sikh militants who are seeking an inde-pendent homeland for their

religious community.

The move may lead to direct talks with the militants them-selves, in a reversal of the policy of his recent predecessors. The talks are the first since Sikhs launched an insurgency in the north-western state of Punjab more than six years

Mr Simranjit Singh Mann, leader of the most influential faction of the Akali Dal, the Sikhs' political party, met Mr Shekhar at the weekend, having been authorised by other leading factions to speak about the demand for a homeland.

Mr Mann also had the Mr Mann also had the approval of the militant leaders, all of whom are in hiding. He was elected to Parliament

in 1989, as the militants' candidate, while still in prison.

Mr Mann told reporters after the meeting that he had raised the question of the Sikhs' right to seek self-determination and an independent homeland, and told the prime minister that future talks on the issue should be held directly with the militants. No date for direct talks with

the militants has been set and any negotiations are certain to be prolonged.
Mr Shekhar recently announced that he was willing to consider an amendment to India's constitution in order to

The prime minister faces the dual difficulty of leading a minority government which does not have the necessary strength in parliament to amend the constitution, and the lack of a consensus among the main political parties on a settlement of the Punjab issue. However, a start to direct talks on the Sikhs' demand, at



prime ministerial level, is a breakthrough. Their outcome is bound to affect movements for independence in other states in India, notably Kash-

So far, only the Hindu fundamentalist Bharatiya Janata party has cautioned Mr Shek-

har against giving in to the Sikh militants' demands for The prime minister himself has said that, while he is will ing to consider an amendment of the constitution, any solution would have to be within

its framework.

He is following a policy of negotiations, mixed with a negotiations, mixen with a hard-line approach to check the daily killings in Punjab. He recently appointed a former army chief as the governor of the state and authorised deployment of the army in three districts where the militants are most active. tants are most active.

More than 10,000 militants, security men and innocent Hindus and Sikhs have been killed in the Sikh insurgency during the last six years. Vio-lence has spread to all parts of Punjab and the militants' writ now runs in many districts. They have virtually succeeded in setting up a parallel govern-

the two holy mosques" for havreach of many people. Tamil separatists call

By Mervyn de Silva in Colombo

in the island's troubled north-east region. The ceasefire announcement follows the Christmas appeal of the Sri Lanka Catholic bishops' conference. Though most Tamils are Hindus, the Catholic Church, through its hold on the educational system wields



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Theft of secret **Gulf documents** prompts inquiry

BRITAIN'S Ministry of Defence has launched an official inquiry, in parallel with police investigations, into a security lapse two weeks ago involving highly confidential briefing papers on British military plans in the Gulf.

The incident involves the theft of documents that had been used by Air Chief Mar-shal Sir Patrick Hine, the UKbased joint commander of Brit-ish forces in the Middle East, to brief Mr John Major, the prime minister, at 10 Downing

A briefcase with the documents was stolen from an unmarked car in west London on the afternoon of December 17. It was handed in to police the same evening. But other stolen items, which included cash, had still not been recovered yesterday. An RAF officer and driver

were reported to have stopped at a car showroom while driving back to the headquarters of RAF Strike Command at High Wycombe, west of London. It is believed that the docu-

ments may have included contingency plans for additional British deployments to the Gulf in the event of a conflict. as well as details about the disposition of forces in Saudi Arabia. The ministry, meanwhile, yesterday denied a report that the aircraft carrier HMS Invincible was to be sent to the

The possible deployment of one of Britain's two operational aircraft carriers has been the subject of repeated speculation since the first naval reinforcements were sent

to the Gulf region in August.

There has also been pressure for such a move from within the Navy in order to raise its profile in the region, which has been overshadowed by that of the Army. However, senior defence officials have until argued that an aircraft carrier would not be the most useful contribution the UK could make to allied forces in the

region.

Britain's aircraft carriers typically carry eight or nine Sea Harrier jets and 12 Sea King helicopters compared with about 80 aircraft embarked on US carriers. The US has three aircraft carriers in the Middle East region and three more on the way.

The repewed runnous was

The renewed rumour was sparked by speculation about a possible nuclear response positive indicate response against Iraq if it resorted to chemical and biological warfare.
Guif news, Page 2

Sweet-maker offers union talks on working week

By Michael Smith, Labour Correspondent

THE FIRST sign of the 37-hour working week spreading across British industry from the engi-neering sector has emerged in an offer to unions from Rowntree Mackintosh, the confectionery manufacturer. Rowntree Mackintosh, part

of the Nestlé foods group, has invited unions representing its 5,000 process workers for talks about a cut in their working week. The talks could lead to one of the first shorter-hours deals outside the engineering and water industries. Unions are now attaching hours-cut claims to almost every pay submission. They are optimistic because of what happened after the engineering week was cut from 40 to 39 hours in 1979. In the following three years, another 6m workers had won a similar cut. The Rowntree offer heralds the start of a year which could see significant concessions by employers elsewhere on work ing time. Rowntree has already shown its amenability to a

reduction in the working week

by agreeing to a 37-hour week for 640 craft workers.

Poor effort by workers risks rise in **UK** jobless

By John Gapper, Labour Editor

THE RISE in unemployment is likely to increase further because British workers are putting in less effort, according to a study of how hard employees in industry are working.

The study found the degree of effort exerted by workers has fallen for the first time since the mid-1980s.

since the mid-1980s.

An index of how hard 131,500 employees in 171 factories are working declined steadily last year for the first time since 1986-87.

The index measures effort after adjusting for technological change and new working methods. However, its validity has been questioned.

The authors of the study say

The authors of the study say that a fall in worker effort, along with a decline in the average number of hours worked and the levelling-out

worken and the leveling-out of industrial output "may well presage a significant decline in employment".

The fall in effort measured on the Percentage Utilisation of Labour (PUL) index contents with a second in terms. trasts with a generally improv-ing trend of worker effort dur-ing the 1980s. The index recorded a sharp rise in effort during 1983, and stability

The PUL index, kept by two academics from Leicester Poly-technic and Aston Business School, fell from 106 at the start of 1989 to 103 at the end. The fastest rise in the index was by between four and five points during 1983. The performance of the index has been used to argue

that the labour reforms of the Thatcher government encouraged workers to work harder by helping to remove restrictive practices.

The main fall in worker effort recorded in the index has been in what it calls the "intermediate goods" sector.

These are neither capital nor consumer goods, and include materials such as packaging or oils and abrasives. or olls and aurasives.
Index of Percentage Utilisation of Labour, Bulletin No 55;
By Sydney Smith-Gavine and
Alan Bennett, Leicester Poly-

technic, Leicester LE1 9BH.



The personal touch for Bradford's jobless

Lisa Wood reports on a scheme for the unemployed that other projects cannot reach

R Nadeem Khokhar, an employee of Bradford Task Force, recently arranged a job interview for a young man he had met at a youth club. When the man did not turn up Mr Khokhar went to his house to ask him why.
"I told him interviews were

precious and if he was not serious about getting a job he should not waste my time," says Mr Khokhar.
Following up a client in such a personal manner is not the

usual style of an employee of a Busial style of an employee of a government sponsored agency.

But Mr Khokhar, aged 26, is not a typical government employee. He is one of six men and women called job mates, or mentors, recruited by the Bradford Task Force for a pilot project that seeks to service. project that seeks to service the northern city's core of long-term unemployed.

Jobsmatch 1000, the name of

the pilot project, aims to reach those unemployed people who have fallen through the net of existing individual government schemes. It provides them with tailor

made packages to meet their particular needs. The aim is to match up these people with

local employers who have skills shortages and get them into jobs. The target is 1,000 jobs over two years and up to two years training for each individual has been allowed for. This is a much longer period than other government

funded schemes.

The project has been set up by Bradford Task Force, one of 16 Task Forces in the Action for Cities initiative. They work with local people, organisa-tions and other government bodies to improve inner city

Bradford's Task Force whose sponsoring minister is Mr Tim Eggar, the education minister, was set up in 1989. Johannatch 1000 is its largest single initia-tive, in an area where adult unemployment is around 20

The project, formally launched last month, breaks new ground on several fronts. First, unemployed individuals are not contacted about training through benefits offices or job centres. Rather, the contacts are established by the job mates, in youth clubs and community centres, including those servicing Bradford's

Four of the existing job mates, including Mr Khokhar, are Asian. Both are well -known in their respective -known in their respective communities, a quality which Mr Nosmal Khan, the other Asian job mate, says is important in his community for a variety of reasons besides that of language.

Many of Bradford's inner city unemployed are in the

city unemployed are in the Bangladeshi and Pakistani Bangiadeshi and Pakistani communities. Their families were attracted here in the 1960s to work in the textiles industry, which has since shrunk by about two thirds. This has made redundant hundreds of middle – aged people particularly men Whole ple, particularly men. Whole factory floors in textile factories were often made up of

immigrants who did not have to learn English to work. Many remain unable to read or speak RACHING language skills is vital if these people are to get jobs, says Ms Grizzard, leader of Bradford Task Force. "One of

the reasons many former tex-tile workers have not re-skilled is the language problem." One of Jobsmatch 1000's key objec-

into government vocational training schemes such as Employment Training, the government's training programme for the adult unemployed.

Under existing rules no one can do ET and a weekday language course at the same time because ET is a five-day week scheme. Jobsmatch, however, is assembling packages that will allow such flexibility. Mr Jeremy Walker, York-shire and Humberside regional director of the Department of Employment, says: "Johsmatch represents a clear effort to start looking at how we can get maximum value for money from different funding depart-

with money from Section 11 funding." The latter is funded by the Home Office and is allocated to local authorities to fund pro-jects for the needs of ethnic minority groups and includes language training. The Task Force, says Mr

ments, pulling together for example Task Force resources

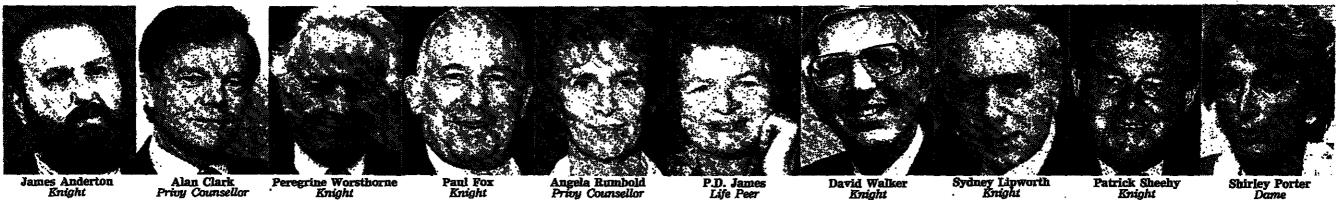
Walker, provides the glue for the whole scheme by funding the job mates. They should number about 20 by next sum-

operational.
About £1m has been allocated by the Task Force for the two year project with some money earmarked for providing training where gaps have been identified in existing pro-vision and £500,000 for the salaries of the job mates. Their pay also has a performance related

element. "Job mates are not social workers," says Ms Grizzard. "We are looking for a hardnosed approach with job mates getting people into jobs."

O far about 20 employers, including a number of companies involved in financial services, have joined up with the Task Force to provide ich interviews for acceleration. vide job interviews for people acquiring the requisite skills. A number of permanent jobs have also been earmarked for unemployed people by Marks and Spencer, the retailer which is opening a new store. "A Joh Centre," says Ms Grizzard "would not have positively pro-moted one group of people. But we expect our job mates to be increasingly opportunistic when it comes to making contact with new employers in the

Industry and the City featured in New Year Honours list



Knight

BELOW is a selection from the

LIFE PEERS Baroness

Miss Physic Dorothy James, author

PRIVY COUNSELLORS

KNIGHTS BACHELOR

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Mr E.B.O. Sherlock, general messger and
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Mr D.B.G. Simos, deputy cherman and other
operating officer, British Patroleum
Mr W. Stinger, for public service in Northern
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and School, Pertisheed, Avon.

Mr. A. Wheeler, regional director, Midlands and South, Bridsh Coal Corporation

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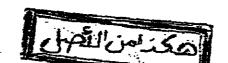
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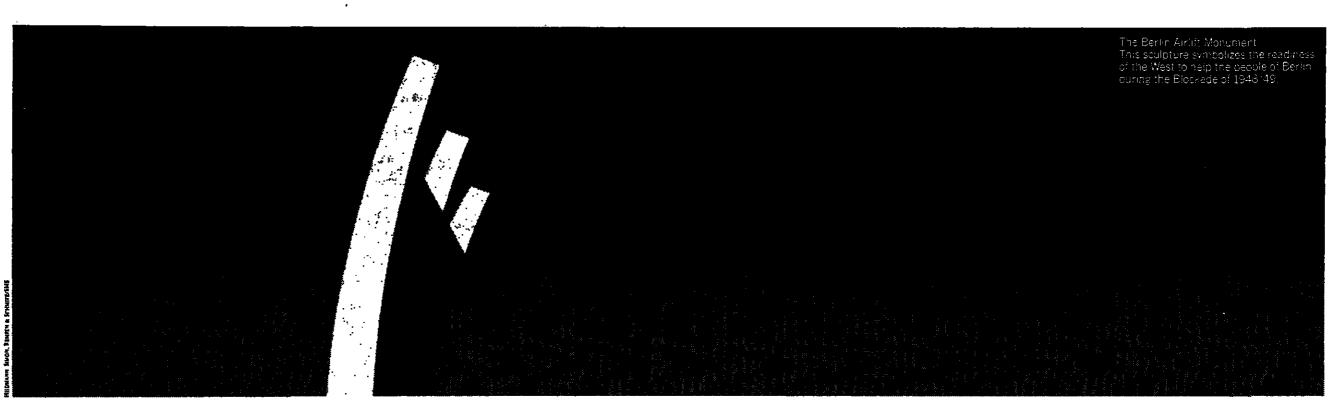
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"Freedom is not constituted primarily of privileges but of responsibilities."

Albert Camus



After a peaceful revolution, Germany is beginning to grow back together.

Democracy and the free market economy are taking root in the rest of Eastern Europe as well.

These are milestones to be proud of.

Yet we must not grow complacent, for there is still much to be done. The developments in the economy and the standard of living in the Soviet Union and Eastern Europe also affect us in the West.

We trust in the dynamics of the free

market economy. But we also know that the economic and political unity of Europe will only succeed if they are based on strong co-operation between Europe and the United States. At Daimler-Benz, we see it as our responsibility to use all our knowledge and skills to help those undergoing the transition to a free economy.

Our employees and shareholders have accompanied us on the journey. And we will continue to need all their strength and confidence on the road ahead.

DAIMLERBENZ

New year brings legalisation of controversial food irradiation process

IRRADIATION of food becomes legal in the UK tomorrow, but next Christmas's, turkey, has every chance of making it to the table without being zapped by gamma rays. Pepper used to season it, however, might well have undergone the process.

Public debate over irradiation, which can be used to kill bacteria or extend shelf life, has generated heat out of proportion to the likely short-term impact on consumers.

Legalisation has come under fire from independent pressure groups, including the Food Commission and Dr David Clark, shadow food and agriculture minister, who warned yesterday that local authorities were not equipped to provide adequate

Downturn will

get worse say

forecasters

THE CURRENT downturn in

the UK economy is likely to be deeper and longer than fore-

cast by the government in its Autumn Statement but not as

bad as the 1980-81 recession, according a group of indepen-dent economic forecasters

using the Treasury's computer

model of the UK economy.

The Ernst and Young Item

Club sees economic growth shrinking to 0.1 per cent next year as the heavily indebted

corporate sector cuts fixed investment spending by 5 per

However, consumer spending will provide support to output in 1991 with growth of 1 per cent. The economy is expected to recover to 2.3 per cent converts in 1992

The Item forecasters say the

current recession will not be as

deep as that of the early 1980s

because the corporate sector is

more efficient and profitable.

There is no overhang of inven-tories such as that which deep-ened and prolonged the 1980-81 recession while overstaffing is

"Stocks and jobs will be cut, but it will be reduced fixed

investment spending that will cause the main damage to out-

While Item expects frac-

tional economic growth next

year; James Capel, the London stockbroker, expects a drop in

gross domestic product of 0.4

THE Confederation of British

Industry last night renewed its call for an early cut in interest

rates and warned that the cur-rent recession risked further

damaging Britain's industrial

In his new year message, Sir

Brian Corby, the CBI president, said that business confi-

dence had taken a "severe bat-

tering". Retrenchment was

under way in an effort to cut costs and to try and improve cash-flows, but the process

could harm the country's future ability to compete.

happen in the new year for British business would be

reductions in interest rates to bring them into line with our

Community competitors. But this is only possible if the underlying rate of inflation is

brought into line with theirs." Sir Brian said high interest rates had succeeded in reduc-

ing demand, but now unit labour costs had to be kept under tight control. Pay would have to reflect performance in

out." Item said.

cent growth in 1992.

By Peter Norman, Economics Correspondent

advice to consumers or protection The public needs to be protected from the possibilities that food may have been irradiated which has not been labelled as such," Dr Clark said. "Irradiation could also occur at a much higher level than is permissible for that particular food."

Bolstered by its own expert opinions, however, the government maintains that irradiation is harmless, can improve the safety of cer-tain foods and will be adequately regulated. It is permitted in most continental European countries, but not in Germany and the US.

One consolation in the contro-

graze for a while before confronting the choice of irradiated or nonirradiated food. Although the treatment is permitted from tomorrow for herbs and spices, poultry, fish, shell-fish, fruit, vegetables and cereals, no irradiated food will be on sale for months. The ministry of agriculture and food has not even yet sent out applications for the required ences, or in the case of non-UK

irradiators, adequate inspection.
Moreover, because manufacturers and retailers are wary of customers' resistance, it is expected to be used only in cases where alternative treatments are not available.

Isotron, the Swindon-based irradiation company, will initially seek a from food irradiation.

licence only to irradiate herbs and spices, according to Mr John Barker, its managing director.

This is the most common applica-

tion worldwide, because primitive barvesting and handling leave many tropical spices highly contaminated. Until recently, fumigation with ethylene oxide was common. although use of the toxic gas for this purpose has been banned in most countries. The UK follows suit today. Isotron already has the capacity to irradiate all herbs and spices consumed in the UK each year, but Mr

Paul Wynne, the finance director, said it had consistently warned

"We still have not changed our minds that it's going to develop very

slowly," he said.

After herbs and spices, poultry is the next most likely candidate for irradiation, because of the high incidence of salmonella, listeria and campylobacter in UK flocks. Isotron, however, will wait until a customer willing to make a joint licence application to the ministry before it contemplates the investment required to handle frozen or chilled

Some supermarket chains such as Tesco are maintaining a total ban on irradiated foods. For herbs and spices, it pins its hopes on heat treat-

Tesco's main rival - J Sainsbury - has taken a softer approach. Although it had no plans to introduce irradiated food until a "specific need had been identified", Sainsbury said the process might have a "valuable role to play", provided adequate controls, labelling and non-irradi-

ated alternatives could be assured. In any case, supermarket shelves could be the wrong place to watch for the required labels stating that food or ingredients have been "irra-

caterers are likely to be early cus-tomers for irradiated spices, and the same explicit wording must be dis-played on menus, or prominently

NEWS IN BRIEF

Government pressed over Dunsdale

THE government is coming under growing pressure to pay millions of pounds in compen-sation in connection with Dunsdale Securities, an investment firm that collapsed last summer. writes Richard

The pressure comes from financial advisers who, under the investment industry's compensation scheme, must themselves bail out Dunsdale clients up to a maximum of £48,000 per

The Dunsdale compensation has yet to be agreed, but is likely to approach £6m - half the total to be gaid to clients of all investment firms that have failed in the past nine months.

Student games appeal SHEFFIELD Chamber of Com-merce and Industry is to launch a drive this week to raise more sponsorship from local businesses for the trou-bled World Student Games,

writes Ian Hamilton Fazey.

The games, scheduled to open in the city on July 14, have been beset with political and financial problems and could face a deficit of between

25m and £12m. Mr Michael Heseltine, the environment secretary, will visit Sheffield this week to visit Snement this week to inspect facilities built for the games. He will also meet husi-ness leaders and city council-lors who will ask him for government help.

Weather profits

BRITISH companies are taking increasing commercial advan-tage of the country's variable weather conditions, the Metao-rological Office claimed yester-

day.
The Met Office said that clothing retailers, for example, delayed summer sales and the introduction of winter collections because of the long hot summer. The blizzards earlier this month also enabled "shrewd companies to boost advertising campaigns to max-imise sales of anti-freeze and

other products". Mr Bernard Herdan, director of commercial services for the Met Office, said: "1990 will go down as the year British business switched on to the benefits of weather intelligence

IRA truce denied

SINN FEIN, the IRA's political wing, has firmly denied reports that it is drawing up proposals sideration by the IRA's ruling

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army council. Mr Gerry Adams, Sinn Fein president, and Mr Martin McGuinness, one of the organi-sation's leading figures, both rejected a claim in the Sunday Express that an initiative, which would halt terrorist operations for up to six months, was being prepared.

Xmas turkey ousted CHICKENS were more popular than turkeys for Christmas meals this year, according to AGB, the research company. While 45m homes had a tradi-

Worst now over for the insurance market

While hard years lie ahead, long term prospects look brighter, writes Richard Lapper

week of an increase in capacity at Lloyd's of London shows that it is over the worst, according to the insurance market's authorities.

Mr David Coleridge, who
takes over officially as Lloyd's chairman tomorrow believes that an upturn in the international insurance market is now taking place and that "Lloyd's is well placed to benefit". The decision by over 6,000 Names to increase their pre-

been persuaded to commit new funds to take advantage of the

increased profitability likely if

recent increases in insurance and reinsurance rates at

Lloyd's are consolidated and

the market begins to harden. With the average size of

Names' premium limits rising

to £385,000 - £35,000 more than in 1990 - Lloyd's has taken

one more step along the road to becoming in the words of Mr Coleridge, "a rich man's mar-

But Lloyd's still faces a diffi-

cult few years. Results for the 1988 underwriting year, which because of Lloyd's three-year accounting system will be announced in 1991, will show a

sharp deterioration compared

with 1987. Worse still, losses will be recorded for the market

as a whole in 1989 and possibly

also for 1990 - the first time

the market has registered an overall loss for over 20 years.

Although long-term pros-

pects are considerably brighter, some sectors of the

market will be hit by continu-

ing claims from US liability business written since the

1950s. Many smaller Names

(who sometimes borrowed money to find the £100,000 min-imum capital needed during the 1980s by remortgaging

their houses) are resigning. Some 2,150 of Lloyd's 28,770 Names (the individuals whose

wealth supports underwriting on the market) have resigned this year. And with only 254

new members joining the mar-ket (compared to 312 in 1990), the total number of Names will

fall to 26,534. Others would like to resign if they were not caught on "open years"

where syndicates are unable to quantify future losses and can-not close their accounts.

squeeze in the first half of 1991 with output falling by 1.1 per cent compared with the same period of this year. Both James Capel and the minm limits (the amount of then Club forecast rising unemployment, with the number of jobless passing the 2m mark next summer and rising to around 2.2m by the end of the year or early 1992. money they commit to under-writing syndicates) means that overall funds available to Lloyd's syndicates will increase by £400m to £11.4bn.

The Item economists say that economic reasons for interest rate cuts "are growing" daily" but sterling's position as the weakest currency in the exchange rate mechanism of the European Monetary System is preventing action.

year" for Mr John Major, the prime minister, James Capel said it expects an intense

They say they expect the government to devalue the cen-tral rate of sterling to DM2.84 from the present DM2.95 while moving the pound from the wide 6 per cent ERM fluctua-tion band to the narrow 2.25

per cent band.
However, Mr Norman
Lamont, the chancellor, yesterday ruled out devaluation in
the EMS. We still hear siren voices

telling us we should devalue the currency by realigning our ERM rates. We will not heed those voices," he wrote in the Mail on Sunday.

"Consequently, there is no question of a cut in interest rates that is not fully justified by our position in the ERM," he said.

private and public sectors as

Britain could no longer afford uncompetitive pay settlements.

The imminence of the single European market meant that business had to get back to the

levels of profitability estab-lished in the late 1980s so that

investment could be main-

tained. He said that personal savings also had to be encour-

aged.
Sir Brian continued: "The

Inflation, he stressed, was falling but it had to be brought

down nearer to levels achieved in Europe and then held down.

He emphasised Britain's

achievements during 1990, with

output. exports, productivity, investment and employment all at or near all-time highs.

crucial to the future."

CBI renews call for

cut in interest rates

By Michael Cassell, Business Correspondent



David Coleridge, Lloyd's chairman from tomorrow: an upturn in the international insurance market is taking place

Rate increases at Lloyd's are a direct result of the severe losses suffered by many syndicates, particularly those spe-cialising in excess of loss catastrophe business — the so-called LMX market — during 1988 and 1989. The LMX market pro-vides reinsurance (or retrocession) cover for reinsurers elves. LMX underwriters also retrocede their own expo-sures creating a "spiral" through which claims are passed on from one under-

writer to another. The Piper Alpha oil rig explosion in 1988 (losses of around \$1.4bn - £736m), hurricane Hugo (losses of at least \$7bn) and the British storms in January 1990 (losses of \$3bn plus), have all hit the LMX market. Hurricane Hugo is described by one market analyst as the biggest loss to hit Lloyd's since hurricane Betsy

What is more, the introducwhat is more, the introduc-tion of new claims processing systems in the London market has increased the speed at which claims have been processed, aggravating the prob-lems faced by many underwrit-

A number of syndicates spe-cialising in LMX business were among 30 or so of Lloyd's 401

syndicates that have merged or folded this year. Retrocession covers have become unavailable in some cases.

einsurers unable to buy their own retrocession protections have been forced to charge direct insurers more for reinsurance. Rate increases have been sharp. UK insurers paid up to six times more for their reinsurance protection when they renewed reinsurance contracts for 1991 shortly before Christmas.

through to direct insurers Rates in the aviation market increased by more than 300 per cent when contracts were renewed in October. Marine underwriters are expecting increases (for direct insurance) of between 25 per cent and 40 per cent on average. But although Mr Coleridge is

buoyantly predicting increased levels of profitability in the clouds on the horizon. The big-gest of these is continuing uncertainty about the impact of losses on US liability busi-

Syndicates have already been hit by claims of several billion dollars from awards to asbestos-related illnesses. Many of these claims have n years after the inception of the policy. With court awards still being made in the USA, claims are still emerging and it is impossible to calculate the final cost.

Asbestos-related losses, often incurred on policies written over 30 years ago, are one of the main reasons why more than 50 Lloyd's syndicates are unable to close their accounts on more than 92 underwriting years. Arguments between Names and the underwriters, agents and brokers which insured US asbestos exposures have led to at least five separate legal actions by Names.

Many of these same syndi-cates are also potentially exposed to gigantic losses aris-ing from the cost of the clean-up of bolluted sites and asbestos from schools and other public buildings in the USA (so-called asbestos property damage).

Much depends on the rulings of US courts as to whether the insureds or their insurers should be made to pay clean-up scotta de made to pay clean-up costs and, to date, no clear conclusions are able to be drawn from a bewildering humber of contradictory state and federal court judgments. However, there can be no doubting the scale of potential losses. For example, Pulbrook syndicate 90 (whose Names have taken legal action against their managing agent and broker) is heavily exposed to loss on US liability business.

However, there can be no

According to its members, agency losses at the end of 1989 amounted to an estimated \$250m, of which \$150m related to asbestos-related diseases \$50m to asbestos property damage and \$20m to pollution. However, if court awards go against insurers and "pollubites" brook's total losses could rise

The US courts could produce other nasty surprises for syndi-cates specialising in US liabil-ity business. The failures of US savings and loans institutions are giving rise to extensive litigation between the Federal Deposit Insurance Corporation (FDIC) and the directors of the failed banks.

A recent report commis-sioned by a London insurer suggested that claims on London market insurers (including a number of Lloyd's syndicates) under professional indemnity, and directors and officers' insurances could amount to as much as \$50n.

By Our Belfast Correspondent

tional turkey this year, more than 5m had chicken.

Belfast launches festival

basis on which we compete — whether it be fiscal, regulatory, or the quality of the infrastructure — must be a level one. If Labour hits at nursing home we succeed in getting inflation down and creating a sense of confidence that we shall keep it there, we shall create the longer-term thinking which is 'privatisation'

By Ivo Dawnay, Political Correspondent

THE GOVERNMENT is pursuing a clandestine policy of "privatisation" of nursing homes for the elderly and sick by squeezing local authority budgets and fuelling the private sector with income sup-port grants, the Labour party claimed yesterday.

Figures published by Ms Harriet Harman, the shadow health minister, and Mr Jeff Rooker, the shadow commu-nity care minister, say the

nity care minister, say the number of private nursing home places has grown by over 300 per cent since 1981.

Over the same period, the numbers in council homes have fallen by 4 per cent to 109,000 while private places have grown from 39,253 to

159,000 this year.
Ms Harman said the lack of council and National Health Service homes forced many to enter homes run as busines

No return to corporatism, says 3i

BRITAIN cannot afford to return to "the failed corporatism of the 1960s and 1970s", according to a report published yesterday by 31, formerly investors in industry, the investment capital group.

The report says that the successes of the enterprise culture of the 1980s should not be thrown grown by fears of reces.

thrown away by fears of reces-sion. However, it argues that "it will take more than another decade of similar effort and change before we can be sure that Britain can regain and retain a position among the more affluent nations". The Graham Bannock, a consul-

"Some people have heralded recent company failures as the end of the new enterprise culture," he says. "To accept this is to misunderstand the nature of increased enterprise . . . and to underestimate grossly the breadth and depth of the changes in attitudes and business culture which have taken

The positive effects of the Enterprise Revolution of the 1980s include "the transforma-tion of a number of large but previously weak businesses and the expansion of a more balanced business stock to include literally hundreds of

include literally hundreds of thousands of new firms", Mr. Bannock writes.

He points out that absolute UK productivity levels remain far below the more advanced countries of Europe and the vulnerability of the economy to inflation and trade balance deficits has not been resolved. It remained to be seen, he adds, "if there have been suffi-cient changes for the UK to

continue to gain relative ground in the long term". British management, he says, is not sufficiently focused on wealth creation. He concludes that facing recession on top of social and economic change, Britain is in

danger of once again yielding "to the lure of corporatism".

"Market forces have unleashed powerful forces for improved economic efficiency: to turn away from these now tookid he a night he contains the contains t would be a mistake Corporat-ism has been tried before in Britain for a long period and it

Sir John Cuckney, 3i's chairman, says in a foreword that in the 1980s Britain pulled itself up by its bootstraps.

Britain in the 1990s: Enterprise under threat? 3i group, 91
Waterloo Rd, London, SEI 8XP:

Leisure groups seek more competitive edge

A CONCERT by Mr Barry Douglas, the Northern Ireland planist in Belfast's Ulster Hall tomorrow marks the beginning

of a year-long cultural, scien-tific, artistic and sporting festi-The Belfast 1991 programme includes The Cutty Sark Tall Ships race, the Festival of Japan and the Minth World

Rose Convention.

Mr Richard Needham, the province's economy minister, initiated the festival with the aim of showing the better side

of Belfast to an international Mr Ivor Oswald, chairman of the organising committee, said that the festival belonged to

the citizens of Belfast who had much to offer the world in terms of "talent, flair and sheer enjoyment". The government hopes the

The Tall Ships race, which visits the port of Belfast for four days in July, involves 2,000 young people from 120 countries and is expected to attract over 300,000 spectators.

North Belfast, where unemployment in some of the larger housing estates reaches 70 per cent, is staging the largest street event ever seen in the city. More than 20,000 people are expected to take part in a Carlbbean carnival which will include music, dancing and

tourism industry will benefit from the influx of visitors.

fireworks.
The festival will embrace many annual events such as the Ulster Motor Show, the Lord Mayor's Show and the Belfast Civic Festival, and include lectures, music, exhibitions, international confer-

Challenge to black Tory

REBEL Tories in Cheltenham opposed to the choice of Mr John Taylor, a black barrister, as their parliamentary candi-date yesterday insisted their challenge to his selection would go ahead.
Mr Robert Williams, a com-

pany director who played a leading part in organising a petition against the manner of Mr Taylor's selection, said the

rebels had enough support to force a special meeting of the local Conservative Association. The meeting would hear demands for the selection to be reconsidered and at least two other candidates to be brought forward. Mr Williams said the petition for the special meeting had been signed by over 100 party members when only 50 signatures were needed.

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Although 1990 is likely to have been a record year for tourism in terms of incoming numbers, the working party wants to find out why the UK has such a

LEADING British leisure poor balance of trade on companies have set up a working party to study ways to improve the competitiveness of In the first nine months of this year, 25.1m British residents travelled abroad while the UK's tourist industries in 13.9m overseas visitors came to

By David Churchill, Leisure Industries Correspondent

The working party, set up under the auspices of the National Economic Development Council, intends to come up with a programme of ideas to enable UK leisure and tourism operators to compete more effectively with Continental and international tourist

the UK. Britons abroad in the same period spent £8 lbn, while over-seas visitors to the UK spent £5.7bn, creating a deficit of £2.4bn.

If this trend continued in the last quarter of the year, then the UK will face its biggest deficit on tourism. The working party is being chaired by Mr Angus Crichton-

Miller, a director of the

Rank Organisation which is

Britain's largest leisure com-

Other companies involved include the Tussauds Group, owned by Pearson which is the publisher of the Financial Times; Brittany Ferries; and AT Mays, the travel agency

chain.
The British Tourist Authority and the British Incoming
Tour Operators Association are also represented on the working party.

The working party is due to report to the NEDC by early

One key issue which will be addressed is whether Britain

wants more tourists. The UK's tourism infrastructure is already having diffi-culty coping with the inflow of

The NEDC says: "The effects of our equivocal attitude to visitors can be seen in the probltors can be seen in the prob-lems of obtaining planning per-mission for tourist developments, our resistance to institutional changes such as extending summer time, and the inconsistent attitude of local authorities."

local authorities."

It says that the "UK has less than 3 per cent of the German and Japanese holiday markets, while travel agents in the UK generally give well. generally give very modest support to UK holidays."

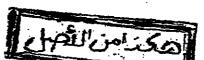
A survey from the London

Tourist Board yesterday says that fewer tourists are worried by litter on London's streets. The survey, of 1200 overseas

mer, found that only 28 per cent saw litter as a serious problem. This was a sharp decline from the 51 per cent who complained about Lon-don's litter during the summer • Paris is still the favourity

destination for European city breaks among Britans, according to the Thomas Cook travel group, followed by Amsterdam and the Italian cities of Rome, Florence, and Venice. However, Berlin, Budapest and Reykjavik feature in Thomas Cook's "top ten" list of favour-Cook's "top ten" list of favour-ite cities this year for the first time. The company predicts that New York will amerge in 1991 as the new short-break





Charles Leadbeater continues this series by explaining why TI feels it will be able to withstand the prospect of slower growth in the US, continental Europe and its UK home base

Shedding excess weight in a bid to

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savage post-Second World War recession, his superiors visited him with the question: "Do you think something strange is going on?" It is not a question that would be asked these days among the higher echelons of the company which was founded in 1919 as Tube Invest-

Thanks to a transformation of the group in the last four years, its exposure to the UK economy has exposure to the UK economy has been reduced sharply. The senior management has been revitalised. There is a mood of determination and ambition among senior managers who have been considering for the past 18 months how to respond to the prospect of slower growth in the US and continental Europe as well as the UK.

TI's performance in the coming year will be the first test of its much vaunted strategy - put in place over the past four years - to concentrate on international businesses in a few specialised areas of engineering which are intended to make it less vulnerable to recession and more able to generate organic

It should be the culmination of a rationalisation which began a decade ago but which only really gathered momentum when Chris Lewinton arrived as chief executive

Between 1979 and 1983, TI's work-force was reduced by almost a half to 31,300. Despite the cost-cutting, during the early 1980s, only TI's domestic appliances businesses, such as Russell Hobbs and Creda, and specialised engineering operations, were profitable.

The company began to shed some loss-making businesses such as commodity steel tube-making, but it was still carrying other heavy loss-makers, Raleigh bicycles, machine tool manufacturing and a US gas seal maker.

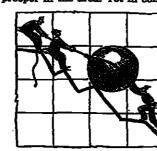
TI struggled on as a diverse engineering group, attempting to develop a clutch of core businesses while gradually shedding peripheral loss-makers.

It was evident that there would be a change of gear when Lewinton arrived. Because of his background in consumer appliances and marketing it was widely assumed within the company that he would attempt to build around the domestic appliances division, which had the best return on capital, cash flow and profitability.

To widespread surprise, Lewinton who had joined TI from the US steel, gardening and shaving prod-ucts group, Allegheny International went in the opposite direction and developed Tr's engineering insulate an engineering core Part of the explanation lay in TI's culture. Describing the company he found when he arrived, Lewinton

conjures up an image of peeling paint on the walls of 60-year-old offices, where habit and routine had been among the most powerful components of the corporate culture. He says: "II had a typical Midlands culture; it thought as a purely UK company, exporting to overseas markets, operating in commodity

It was evident it had no touch for consumer businesses and no pros-pect of becoming large enough to prosper in the area. Yet in contrast



MANAGING IN RECESSION

it had a strong tradition of engineering excellence on which Lewin-

ton judged it could build. His first act was to close the Midlands headquarters and move it to TI's office in the west end of Lon-don. "It was a good way to get peo-ple's attention," says Lewinton. In the past four years TI has been remade through divestments and acquisitions. In 1983 it had more

than 50 main subsidiaries. Only 11 of them remain. In a string of sales, which shocked much of the engineering establishment, domestic appliances, Raleigh bicycles, machine tools, automotive silencers and suspension systems, flexible tubes, and most of its steel tube operations, have all gone.

tupe operations, have an going.
In their place, TI has developed a
group of businesses which, Lewinton says, were the "residual jewels"
when he arrived. TI had a 50 per cent stake in John Crane, a £50m a year business which makes mechanical seals. Ti now owns all of the business which has raised annual sales to £200m.

TI had 50 per cent of Bundy, the small diameter tube-maker which

then had a turnover of about £10m It now owns all of it, and the turn-over is £300m.

The company's third area is speci-alised engineering, covering aircraft engine rings and a group of busi-nesses which it describes as thermal technology companies.

All the divisions have been

expanded through acquisitions in order to build on the original core and spread TTs activities internaionally to reduce its exposure to the UK

This has been designed to give TI three layers of insulation against a British recession.

First, its sales have become inter-nationalised. Even in 1986 about 55 per cent of TI's sales came from the UK, with 21 per cent from the rest of Europe and 17 per cent in North America. This year North America will account for 40 per cent of sales, with 30 per cent in Europe and just 15 per cent in the UK.
This internationalisation has not

increased TT's exposure to exchange rate movements. About 85 per cent of the goods it sells in each of its main markets are made there. Second, the company has also

developed a wide spread of cus-tomer industries with different investment cycles. In the US, for instance, a quarter of its sales go to process industries such as chemicals, oil and pharmaceuticals, 18 per cent to the automotive sector, 15 per cent to aerospace and more than 20 per cent to a mixture of capital equipment makers, defence industries and power distribution.

Ten years ago customers were carrying high levels of stock, which they got rid of when the downturn hit, producing a sudden, large drop in orders. Now that companies work with much tighter stocks, there is less of a risk of extravagant overstocking and sudden de-stocking. Instead there are much more gradual changes in levels of demand. Third, about 25 per cent of its business and 60 per cent of John Crane's sales come from replacement orders for safety critical com-ponents which are non-discretion-ary purchases. This should underpin its sales.

But the new TI is still a relatively recent, untried creation. The com-pany got full control of John Crane and Bundy only in 1987 and 1988. Three quarters of the businesses it runs have been in its control for



only three years. TI is like a new building with its structure, roof and outer cladding in place. But the character of the activities inside the building is still developing. The past four years of buying and

selling is giving way to a period where organic growth will be the priority. Three years ago 70 per cent of TI's profit growth came from acquisitions. This year about 70 per cent will come from organic growth. In the past four years operating margins have risen from 5.5 per cent to 12.2 per cent. Lewinton is confident the improvement can be maintained.

This confidence in part springs from TI's plans for product develop-ment, taking it further away from commodity products which trade on price, towards more sophisticated, higher value-added products. An example is the way Bundy has changed its approach to supplying Ford with small diameter tubes for

its Lincoln Town Car.

Bundy used to supply basic tubes which Ford installed in the engines. The Bundy content in each Town Car used to be worth \$20. Recently it has changed tack to supply Ford with complete tubing systems as one of the sub-a blies which can be installed much more quickly. The extra design content means that Bundy's contribution to each car is now worth \$40 and with better margins.

n John Crane the stress is on developing the softer side of the business - the specification, design, installation and after-sales service - as well as the manufacturing quality. About 50 per cent of the value of a seal comes after it has left the factory gate and is in the hands of an installation engi-

Lewinton believes the development of higher value-added products will be encouraged by a more international approach to manage-ment. That should allow for the transfer of technology so that, for instance, French expertise in tubes for diesel engines can be spread to the US, where Bundy's experience is more limited.

In the same way European experience in supplying refrigerator coolunlikely it will be once again forced

into making a soul-searching review of its strategy.

However, although TI is insulated from the UK downturn, Lewinton says senior managers have been aware of gathering uncertainty internationally. As he puts it: "Germany is facing east, the US has had the savings and loan problems and slower growth and there are finan-cial difficulties in Japan."

This climate of uncertainty

means that TI's customers are becoming more cautious and defensive. This more widespread slow-down may retard the development of the strategy the group embarked

upon four years ago.
It is responding to the downturn with what Lewinton calls "tighter cash management, keeping a close eye on working capital, a prudent approach". While this means cut-ting costs it does not necessarily

mean cuts in investment.

Lewinton insists TI will not be deflected from its plans to correct its one significant omission in terms of geographic spread weakness in the Far East. Tony Sumner, a director, was despatched to the Far East in June for a three year spell to develop TTs activities in the region.

There will also be a ring fence around investment in product development, Lewinton says. "We cannot afford to slow our product development plans; if anything we need to invest more there rather than less," he says.

But perhaps the most important development at TI, which should help it ride this recession much more successfully than its forerunner ten years ago, is the way man-

agement has changed.
The group's transformation has not relied upon a host of outside managers. It has been achieved by a management team most of whom were already with the company

ing systems can be transferred to North America (including Canada),

where manufacturers are only just

considering whether to subcontract the manufacture of cooling systems.

turing practice, personnel policies

and budgeting financial procedures.

The clearest management signal

of the group's changing priorities

was the recent appointment of main board director Sid Taylor as chief

operating officer in charge of

day-to-day activities. But there is

still quite a way to go.

Lewinton says: "There has been an international integration of man-

agement at a senior executive and managing director level, reaching

down to the heads of national com-

panies. But it has not gone further down than that." He has yet to per-

suade all the senior management

team of the growing importance of

marketing to an engineering com-

The company is also seeking to develop more international managers who would spread best manufacwhen Lewinton arrived. He says: "The quality of management in British industry has improved a lot; it is a lot more determined, professional and com-bative than it was a decade ago."

This is the basis for the most important change at TI in the last four years. Lewinton explains: "You have to be able to flex a company to meet the external demands upon it. We can flex TI more now; we look out into the world more. In the old days the focus was internal and inflexible, on big plants and econo-

mies of scale." The old, inflexible TI was dead in the water, a slow moving target for the recession to hit. Lewinton has no illusions that TI will be able to escape unscathed from an international recession in the next 12 months. But it will be much more fleet-footed, a much more difficult target to hit.

pany.

TI will not be threatened by this Previous articles in this series were UK recession in the way it was published on November 21, 30, threatened a decade ago. It is December 4, 14 and 18.

CONSTRUCTION CONTRACTS

IN BRIEF.. Hilton Hotel in Glasgow

Shoppers in Macclesfield can look forward to improved facilities following the award of a £7.3m contract to LAING NORTH WEST for a new Tesco superstore close to the town

Laing will carry out the design and construction of a 50,000 sq ft superstore on a former derelict site in Hurdsfield Road. The contract includes a petrol filling station, parking for nearly 500 cars, a covered way from the car park to the store, a bus shelter and access

SULZER (UK) BUILDING SER-VICES has been awarded a 24m contract by Costain Construction for the installation of mechanical services in four new business park offices at Bedfont Lakes, Hounslow in

The offices, part of the "New Square at Bedfont Lakes" development, are being built for the joint venture partnership between MEPC and IBM United Kingdom. The work includes air condi-

tioning, heating, ventilation, domestic and public health ser-vices in each block.

BEAZER CONSTRUCTION East Anglia has been awarded a £1.2m contract for an extension to Spillers Foods factory, Wisbech. Of steel-framed con-struction on piled foundations. the factory will be mainly used for the production of Purrfect, Spillers catfood. The 80 x 40 metres building will include a laboratory and a cauteen. Completion is due next May.

A £2m contract to design a pavement management system suiting the needs of all highway authorities in England. Wales and Northern Ireland has been awarded to RENDEL PALMER & TRITTON. The three-year contract has been let by the Department of Transport on behalf of the Association of District Councils, the Association of Metropolitan Authorities and the Department of the Environment (Northern Ireland).



In just one month, TAYLOR WOODROW has created a new house the hotel's five central lift shafts and, together with addition to Glasgow's city cen-

tre skyline. Using a rapid slip-form concreting technique, Glasgow-based Taylor Woodrow Construction (Scotland) has built a 66 metre tower in only 28 work-

ing days.

The structure is the first part of a £27.5m contract for the new 20-storey Hilton Inter-national Hotel in Bishop Street/William Street. It will

two stair shafts at the northern and southern ends of the site, forms the core of the complex. Around this will be built 319 bedrooms, a grand hallroom for up to 1,000 guests, conference centre, two training suites, 12 boardrooms, three restaurants, three bars, plus a health and

leisure club with swimming

pool and gymnasium/exercise

The Taylor Woodrow team

has chosen the slip-forming method for all three towers. In Cadogan Street, the company is working on a £9m sev-en-storey office development for Taylor Clark (Scotland).

Taylor Woodrow Construc-tion is building a £6.5m superstore for Tesco Stores at Leighton Buzzard. The design and build contract involves the construction of a retail store with over one acre of floor space, a petrol station and a 374 space car-park.

Transforming London railway arches

MANSELLL has started work on a project at Silwood Arches, Bermondsey on what is believed to be British Railway Property Board's largest ever railway arch refurbishment

The contract, worth in excess of £3.8m, concerns the regeneration of over 50 delapi-dated railway arches between Silwood Street and Landmann Way in south Bermondsey. The current project is Sta

2 of the development and fol-lows the site clearance which was performed last year by Mansell. The current phase involves installing hardstanding Bl industrial units. Each unit will

be dry lined, plastered and have a kitchen, toilet and roller door installed. Work is scheduled for completion in November 1991. The arch improvements will take in the viaducts, at the eastern end of Silwood Street,

formerly occupied and used for heavy industrial estate pur-poses. The modern industrial estate created will be known as



Mrs Joan Ruddock, MP for Lewisham (Depiford), starts work on the BR Property Board's Silwood Arches site in Bermondsey

the Gemini Business Estate. Mansell has also been awarded a contract, value £2.75m, to rebuild the children's cancer unit at the Royal Marsden Hospital

The contract is for the construction of an extension to the main hospital building and

alterations and refurbishments to the adjacent areas. The works programme is scheduled for completion in spring 1992. The new unit will have 22 beds compared with the old unit which only holds 14, and will substantially improve out-

Trade warehouse facilities in Sheffield

British Steel Stainless has appointed WHITE YOUNG as civil, structural, mechanical services and electrical design consultants on a £10m rational-

isation programme as part of the new British Steel Stainless trade warehouse centre in Sheffield. The whole project is estimated at £35m and other works will include buildings and services for an automated stocking and retrieval high bay warehouse, due for completion in 1991.

Manchester Airport terminal project

Work packages worth over £7m have been placed by management contractor AMEC Projects as part of Manchester Airport's Terminal 2 development.

The first award, worth £4.5m, has been awarded to AMEY CONSTRUCTION of Abingdon for the civil and structural engineering work covering the construction of an

elevated roadway system. Work starts on site in January 1991, with completion in Sep-

A further award of \$2.6m has been made to Ben Barrett & Son (Brickwork) of Cuffley, Hertfordshire for brickwork and blockwork on the new terminal building. About 4,000 sq metres of brickwork and 40,000

sq metres of blockwork will be used. Work is scheduled for completion in June 1991. Manchester Airport's Terminal 2 will be completed in December 1992 and open to the

public in April 1993. AMEC Projects is a member of the international AMEC construction, engineering and development group.

If you drink, please drink responsibly. We want you to enjoy this holiday season. But even more important, we want you to enjoy the next one.

SEAGRAM UNITED KINGDOM.

6:55 Children's BBC. 7:00 Hallo Spencer 5:55 Children's BBC, 7:50 Halto Spencer, 7:25 The Pink Panther Show, 7:45 Popeye And Son. 8:15 Film: A Gift For Heid! (1996), 8:20 Why Don't You,? 9:50 Quick Draw Megraw, 10:08 Playdeys, 10:20 Paddles Up. 10:50 Lyle The Crocodite, 11:15 Film: Willy Works And The Chocolate Factory (1971), 12:55 Regional News And Weather, 1:90 One O'clock News 1:18 Neighbours, 1:30 Animal Sanctuary, 2:00 Film: Qo To Blazes (1951), 3:28 That's Life Talented Pots, 3:50 Film: Explorers (1985), 5:35 Neight Pets. 3:50 Film: Explorers (1985), 5:35 Neigh

6:00 Six O'clock News, Weather.

6:15 Regional News Magazines. 6:30 That's Showbusiness. Special edition of the showbiz quiz

hosted by Mike Smith. 7:00 Wogan. A look back at some of the guests who have joined Terry over the last year.

7:30 Dad's Army. Classic comedy starring Arthur Lowe, John le Mesur-ier, Clive Dunn, Private Pike gets trapped in a minefield Captain Mainwaring risks his life to save

8:00 May To December. I'll See You in My Dreams. Starring Anton Rog-ers and Lesley Dunlop. Alec reflects on his last 25 years with the firm , and dreams of emulating his hero, the lictional Perry

8:55 News. Regional News; Weather. 9:15 Film: Roxanne (1987), Steve Marromantic comedy based on Cyrano de Bergerac, Nelson, Wash ington is a small town, where the most spectacular sight is the astonishingly large nose of Fire Chief CD Bales.

11:00 Clive James On 1990. Clive takes a personal look back over the last year.

12:00 Happy New Year. Following the chimes of Big Ben, the Arch bishop of Canterbury, the Most Rev and Rt Hon Dr Robert Runcie brings a message for New Year,

12:10 Film: Carry On England (1976). The Carry On learn dely every effort to bring order to the ranks of their anti-aircraft unit. As a last resort, the well-meaning but bungling Captain Melly is sent to try unruly mob. Starring Windsor Davies, Patrick Mower, Joan d Judy Geeson. Directed by Gerald Thomas.

7:00 Children's BBC: 7:25 Playdays. 7:45 The Angel And The Soldier Boy. 2:10 Film: The Bugs Bunny And Road Runner Movie (1979). 9:45 Little Friend. 19:35 Paddles Up. 11:00 Film:

1:35 Final Franker in King Arthur's Court (1949). 12:45 Three Lazy Mice. 12:55 News; Weather, 1:00 Neighbours, 1:25 Film: Escape To Athens (1979). 3:20 Miss Margle. The Moving Finger, 4:55 Final Score, 5:20 Regional News And Sport, 5:25 Neighbours, 5:45 Film: Space-cent (1988)

7:30 Eastenders. Preparations are

underway in the Square to cele-brate the New Year. Mark and

Diane have to race against time o save Disa's Baby; everyone is

wondering where Sharon and

8:00 A Question Of Sport. David Cole-

Grant are, and Pete is delighted

to see young Jason in the market

Joining captains Ian Botham and

Bill Beaumont this week are Rob

field-athlete of the year, Eric Bris low, champion darts player; and

Andrew, the England and Lions stand-off; Fiona May, Britain's

Chris Woods, the Rangers and

Bradwell's comedy follows the

trials and tribulations of a local

borough to compete in the 1960 Classical Dance Festival, Things

hot up when the school encounter

their rivals, and Dora has prob-

lems when she comes tace-to-lace with her ex-boy-

friend. Starring Phyllis Logan, Marjie Lawrence and Stephen

Feldman and Corey Haim. When young Sam Emerson moves to Santa Glara, Galitornia, he meet

the Frog brothers who warn him that the place is infested with vampires So, when his brother

Michael starts acting very strangely and his shadow disap-pears, Sam realises it's time to

reach for the holy water and gar-lic Directed by Joel Schumacher.

rinn: Carry On At Your Convenience (1971). The 22nd Carry on film, featuring the usual popular cast including Sid James, Hattie Jacques, Kenneth Wil-

liams. Joan Sims, Bernard Bres-slaw and Kenneth Cope. Directed

10:15 Film: The Lost Boys (1987). Starring Keiter Sutherland, Corey

10:00 News; Weather

11:50 Film: Carry On At Your

by Gerald Thomas

ngland goal keeper.

8:30 Film: Happy Feet (1990). Mike

1:30 Weather.

BBC2

8:00 English Towns 8:30 Wildlife Showcas 8:55 Film: Tarzan's Secret Treasure (1941) 10:15 Film: Murder She Sald (1961). 11:25

1:10 Review Of The Year. 2:30 Beethoven Symphonies

3:35 Athletics: Britain's Year Of Gold. 4:30 Thank You Mr Cruft. 5:10 Arena Special. 7:00 Die Fledermaus. La Stupenda's Farewell. Live from the Royal Opera House, Covent Garden,

vorid femous soorano Joan Sutherland makes her farewell performance in Johann Strauss's 1874. Joan Johns Luciano Pava-rotti and Marilyn Horne at the party scene in Act 2. With the us and Orchestra of the Royal Opera, conducted by Rich-

10:50 A Life In Pieces. Sir Arthur Street-Greebling (Peter Cook) chooses his 12 Christmas gitts in the presence of Ludovic Ken-



10:55 Rolling Stones In Concert.

Stone's recent Urban Jungle tour. Film: Young Frankenstein (1974). Mei Brooks' madean parody of the 1930s horror movie. Gene Wilder plays a brilliant young brain surgeon who, despite disassociating himself from his ancestors misdemeanours, goes to Transylvania where he falls under the spell of his grandfather's experi-ments and determines to recreate them. (B/W)

BBC2

8:00 English Towns. 8:30 Wildlife Showcase 9:00 Film: Tarzan And The Amazons (1945).

2:10 Weatherview.

10:15 Animation Now.

10:30 Glasgow: A City Reborn.

11:15 New Year's Day Concert.

2:45 Laurel And Hardy.

4:45 Vespers In Venice.

(1954).

12:30 Racing From Chelthenham.

3:50 Film: The Sheep Has Five Legs

6:35 Ski Sunday Special. Ski-jumping from Garmisch-Partenkirchen.

7:10 Cricket Australia v England.

8:00 Film: Little Dorrit (1987). Derek

Germany, introduced by Julian

Richie Benaud introduces high-lights of the one-day international

in the World Series Cup from

Jacobi and Alec Guinness head the starry cast in this two-part

adaptation of Dickens' novel. Part One tells the story through the

eyes of Arthur Clennam who dis-

where her father has been incar-

cerated for 25 years. With Sarah

Pickering, Cyril Cusack, Max Wall and Patricia Hayes,

Streeb-Greebling (Peter Cook) in conversation with Ludovic Ken-

covers that his mother's seam-stress, Little Dorrit, in the

Marshalsea Debtors' Prison

10:50 A Life in Pieces, Sir Arthur

10:55 The Hangover Show. A hilarious monologue on the pains and pleasures of alcohol with Pete McCarthy.

11:40 Film: Rebecce (1940). Laurence Olivier and Joan Fontaine star in Alfred Hitchcock's Oscar-winning

adaptation of Daphne du Mau-

his Cornish estate with his shy

and unsophisticated new brid But the second Mrs de Winter

rier's novel. Wealthy widower Maxim de Winter returns home to

soon finds herself haunted by the spirit of Maxim's first wife Rebecca who died in mysterious circumstances, (B/W)

THAMES

NEW YEAR'S EVE

8:00 TV-Am. 9:25 The New Adventures Of 8:00 TV-Am. 9:25 The New Adventures Of He-Man. 9:50 Tharnes News And Weather, 8:55 Film; 20,000 Leagues Under The Sea (1954). 12-25 Home And Away. 12:55 Tharnes News And Weather. 1:30 ITN News At One, 1:30 Disney Cartoon. 1:30 Film: Condorman (1961), 3:10 ITN News Head-lines, 3:15 Tharnes News Head-lines, 3:20 Families, 3:50 Film. Alice in Wonderland (1951). 5:10 Blockbusters. 5:40 ITN News At 5:40.

6:00 Home And Away. 6:30 Thames News And Weather, With Andrew Gardner and Sharon

Doughty 7:00 Wish You Were Here...? Judith Chaimers travels on the Orient Express across Europe: sleuth aw Taylor works out a v nit on a murder weekend at a Surrey hotel, and John Carter is at one of the world's most fantastic hotels, in Hawali.

7:30 Coronation Street. Voices from the past haunt Ken as he makes first a discovery about Delrdre, and then many more about him

8:00 Strike it Lucky. Another Jackpot is destined for charity, as Michael Barrymore hosts a special edition of the hi-tech game show to welme in the New Year.

8:30 Taggart Rogues Gallery, Taggart and Mike Jardine become involved in a case which seems to link the world of art and artists ses through a cer crusher.

10:00 News At Ten. Weather 10x15 Live From The London Palla: Happy Birthday, Happy New Year. A host of stars gather at the Lon-don Palladium for a New Year party which also celebrates the 80th anniversary of the famous

variety theatre. 12:15 Film: Funny Lady (1975). A sequel to Barbra Streisand's dynamic debut in Funny Girl, involving the further adventures of Fanny Brice, With James Cean, Omar Sharif and Roddy McDowall. Fol-lowed by ITN News Headlines.

Film: The Sons Of Katle Elder (1965). John Wayne, Dean Martin Michael Anderson Jnr. and Earl tier woman Katie Elder, who set town thugs and other villains. 4:55 Back Track 90. Madonna; Prince;

NEW YEAR'S DAY

THAMES

6:00 TV-am. 8:25 Dianey Cartoons. 9:40 Film: The Miracle Of The White Stallions (1982). 11:30 Run The Gauntlet Alpine Challenge. 12:30 ITN News. 12:35 Film: Star Trek: The Motion Picture

(1979), 2:15 Soan Down Linder, 4:40 ITN News

7:00 Emmerdale. There's a role rever-

ing orders.

sal at the New Year shooting party with Seth in charge and

ner, Frank and Pollard follo

Jimmy's At New Year. Join the staff and patients at St James's

Hospital in Leeds as the real-life

low is getting grief from his wife; Monroe is giving grief to the Sun Hill Pcs, and Reg Hollis is giving

drives a bit, goes swimming, has lunchedn and demonstrates why

marred for Douglas and Blake by

marred for boughs and blake by the mysterious appearance of a thlef with strange powers. Frank takes part in Metcall's panto and gets plastered in more ways than

on the dreaded box. Shelley seed it as just an excuse for everyone

he hasn't got a girlfriend. Star-

8:00 The Bill. Grief, Chief Supt Brown-

grief to anybody he can find. 8:30 The Curse Of Mr Bean. Mr Bean

ring Rowan Atkinson.

9:00 El C.LD. Christmas Spirit Christ-

10:00 ITN News At Ten. Followed by ITV National Weather. 10:15 Shelley. Forward To The Past. Ted wants Shelley to see the New Year In with him, even if it's only

to get out of their skulls. 10:45 First Tuesday. Motorway Blues. A look at the busiest stretch of the

look at the busiest stretch of the M25 in Hertfordshire with the crew of police traffic car Tango One Uniform Two.

11:45 Film: Torn Curtain (1966).

Starring Paul Newman and Julie Andrews. Directed by Alfred Hitchcock. Followed by ITN News Headlines.

2:10 Film: The Only Way Out is Dead (1970). An accomplished surgeon is dismissed from his hospital. He is offered an attractive post with

extensive resources and labora-tory facilities by T M Trask, the ruler of a mountain empire called Science City. But the surgeon soon realises Trask's intentions

upon nice girl gives up her con-ventional job to join her free-spir-ited friend who is off to search for

the all-star line-up at the great

CHANNEL4

8:00 The Art Of LandScape, 6:20 Busines: baud The Art Of Lampscape, 925 Stramss Daily, 8:30 The Channel Four Daily, 925 Ses-ame Street, 19:25 Batman And Robm. 10:45 The A dwentures Of Tindm, 11:00 Things To Come. 11:30 Tony Jacklin's Pro-Celebrity Golf Chal-lenge, 12:30 The Case Of The Silk King, 1:30 Film: Fitzcarraido (1982), 4:20 Siesta, 4:30 wn, 5:00 Hog Heaven, 5:30 Grad

6:00 Roseanne. Bridge Over Troubled Sonny. Roseanne decides the time has come to cure Crystal of her obsession with her two-timing dead husband.

5:30 Tonight With Jonethan Ross. Weird and wonderful guests, crazy music and comic capers

7:00 News Summary And Weather llowed by All The Rivers Run II. Delie continues to battle against the bureaucracy which threatens to separate her from her children, while Brenton

8:00 Brookside. The Dixons throw a New Year's Eve party. Mike loses control, as do some of the guests when emotions reach boiling

8:30 Film: Yes, Giorgio (1982), Lavish tuneful MGM romantic musical ntarring Luciano Pavarotti in his film debut as a married opera star who goes to the US on a concert tour and falls in love with doctor, Kathryn Harrold, who cures him when he loses his

10:35 Old Faces. Thursday night at Blackpool's Queen's Hotel is tal-ent night, attended by aspiring performers from the Northern bell. Among them are the old taces, elderly entertainers lives are enriched by their chance to shine briefly but

11:35 Vic Reeves' New Year's Eve Bio Night Out. Vic Reeves and Bob Mortimer present a special edition of their unique brand of

12:20 Squeeze. Live in performance at the Newcastle City Hall during their 1990 self-out tour.

1:25 Ub40 Plays The Blues. The Birmingham group conclude their 1989 world tour with a concert at Birmingham City football ground.

CHANNEL4

8:00 Bobby Jones Gospel, 8:30 The Art Of Landscape, 7:00 Heathcliff, 7:30 Dennis, 8:00 Crosstalk, 9:00 Channel 4 Racing, 9:17 Count-

9:25 Sesame Street.

10:25 Batman And Robin

11:00 Things To Come.

10:45 The Adventures Of Tintin.

11:30 Tony Jacklin's Pro-Celebrity

12:30 Going Loco; The Final Puff.

6:00 Crystal Maze Special. One-off special edition of this popular

game show, hosted by Richard O'Brien, featuring six children

who won a competition in order

7:00 News Summary And Weather.
Followed by The Rivers Run II, In
this final episode. Brenton, still
on the run, finds solace in the

8:00 1001 Nights Of TV. Three hour

11:00 Film: The Producers (1968).
Starting a Mel Brooks double-bill with this classic bad-taste com-

12:40 Film: The Twelve Chairs (1970).
Hilarious farce set in Russia in
the Twentles, following the wild
adventures of zanies Ron Moody,

Gene Wilder.

arms of a lonely widow while

Cyrus persists in his wooing of

special from the makers of last year's popular A-Z of Television Cramming the very best (and

worst) of 1001 nights of television into three hours. Presenters include Gary Lineker, Bobby Charlton, Ruby Wax, Vic Resves, Andy Kershaw, Alison Steadman, Adam Faith, Rory Bremner, Michael Relie steets in the reseason.

edy starring Zero Mostel as a crocked Broadway producer. With

Frank Langella and Dom Deluise as they search for one of a set of a dozen chairs which has a for-

NEW YEAR'S DAY

Golf Challenge.

2:10 Film: How To Steel

4:30 Countdown.

5:00 You're The Top.

REGIONS

\$40: As Channel4 except 10.45 Feerle tale theatre: Thumbelina. 11.45 The Wonderful World Of Dogs. 12.45 Slot Meithrin. 1:06 Fitteen To One. 4:30 Slot 23. £:15 Brookside. 5:45 Petronella. £:30 Feerle Edit November 10. 11.30 Fitteen To One. 6:40 Pobol Y Cwm. 7:00 Donas. 7:30 Sgorte. £:30 Gwyl Gorawl Cymru, £:15 Traeon, 10:15 Noeon I'w Chofto. 11:20 Gwyrriyn.
16A Regions as London except at the following fines:

AMGLIA: 8:50 Anglia News 12:65 Anglia News, 1:30 Film: Starbird And Sweet William, 3:15 Anglia News. 5:25 Anglia News.

9:50 Border News. 12:55 Border News. 3:15 Border News. 3:16 Home And Away 6:00 Take The High Road. 6:30 Blockbusters. CENTRAL

CENTERAL: 12:55 Central News. 3:15 Central News. 6:00 Home And Away. 6:25 Central News. CHAMMET. 9:50 Today On Channel. 12:55 Channel News. 2:19 Putin's Magic Christmas. 5:18 Home And Away. 6:00 Chernel News. 6:15 Sport '90. 6:30 The Dodg Christmas Club.

GRAMPIAN: Stangian Headines. 12:55 Grampian Headlines. 2:15 Grampian Headlines. 2:15 Grampian Headlines. 5:16 Home And Away. 6:00 North Tonlight. 6:30 Take Tha High Road. 10:15 Art Suffer And Friends. 11:05 Scotland The What? 11:35 Up Wi The

NEWS. 5:10 Home. 12:55 HTV News. 3:15 HTV News. 5:10 Home And Away. 6:00 HTV News. 6:30 Blockbusters. HTV Wales as HTV except 8:09 Wales At Six.

SCOTTISH: 9:58 Scotland Today, 12:55 Scotland Today, 3:15 Scotland Today, 5:19 Home And Away, 6:09 Scotland Today 6:38 Take The High Road, 8:08 Scotland Today 6:38 Take The High Road, 8:08 Scotland Today 6:38 Take The High Road, 8:08 Scotland Today 6:39 Special Wheel Of Fortune, 11:58 A Guld New Year,

12:50 TSW News. 12:55 TSW News. 2:15 TSW News. 2:20 Home And Away. 5:10 Families. 8:90 TSW Today. 6:30 Blockbusters.

TVS: 9:50 TVS News, 12:55 TVS News, 3:15 TVS News, 5:10 Home And Away, 8:00 Coast To Coast New Year Special. TYNE TEES: 8:51 Regional News. 12:55 Regional News. 3:15 Regional News. 5:10 Home And Away. 8:00 Northern Life. 6:10 Northern Life Review Of The

ULSTER: 9:58 Uister Newstime. 12:55 Uister Newstime. 2:15 Uister Newstime. 5:10 Home And Away. 5:39 Uister News, 6:00 Six Tonight. 6:39 Block-busters. 16:15 Darlel O'donnell Show. 11:15 Kelly - New Year's Eve Show.

\$50 Calendar News. 1255 Calendar News. 3:15 Calendar News. 5:16 Nome And Away. 6:63 Calendar. 8:30 Blockbusters.

NIGHTS

Alison Steadman as an archetypai

fifties ad-woman points to the 1001

nights on the box. Following the success of last years The A-Z of TV, 1001 Nights of TV is a new selection

of the very best-and worst-of

special. Channel4 at 8:00 pm

television in a three hour archive

REGIONS

\$4C AS CHAMMELA EXCEPT:
10:45 Faerie Tale Theatre: Puss in Boots, 11:45
Rarg, 12:10 Pobol Y Cwm. 12:30 Slot Melthrin.
12:45 How The Kivel Lost its Wings, 1:90 Fithern
To One, 1:30 Film: The Band Dick, 2:50 Going
Loco: The Final Puff, 4:30 Stot 23, Eris Tonight
With Jonathan Ross, 5:45 The Robinsons, 6:00
Newyddion/News, 8:05 Gwesty Tair Seryn, 8:40
Pobol Y Cwm. 7:96 Slow Werth, 7:30 Gwyl Gorawl Cymru, 8:15 Y Dyn Parig, 9:50 Point To
Point, 10:08 You're The Top: The Cole Porter
Story.

9:25 Good News For Ne'erday, 4:50 Bill's Magic Box, 5:20 Cinderella, 8:20 Sgaul Agus Oran, 6:30 North Tonight Review Of The Year, 11:45 Film: Torn Curtain,

Film: Torn Currain, 925 Goad News For Ne'erday, 11:38 Glen Michael's Review Of 1990. 4:36 Fun House Scottish Special: 5:26 Cinderalia, 6:20 Winter On Scot-tish, 6:30 Strike it Lucky, 11:45 Film: Torn Cur-

Step warily among the mountains of holiday garbage

more: yet another bank holiday yawns before us and the time has come to screw your courage to the sticking place to watch Funny Lady again (it is inferior to Funny Girl which itself was not that impressive) and, even more important, avoid Carry On England and Carry On At Your Convenience, both of which appear on BBC1 in the next 48 hours, neither being even a particularly good example of the endlessly repetitive genre. There are promising programmes available - even some worthwhile old movies - but you must avoid being trapped by the mountains of holiday garbage around

them. The two films I want to see today are Fitzcarraldo (1.30 pm, C4) and Young Frankenstein (12.25, BBC2). The first is Werner Herzog's 1982 account of the building of an opera house in Peru in the late 19th century, much of the time being occupied with the attempt by the title character (played by Klaus Kinski) to drag a steam ship ever a mountain. The second is Mel Brooks' 1974 parody of all the Frankenstein movies ever made. Some respected critics say it is Brooks' best film.

There is also lots of interesting music on offer. BBC2 ends its run of Beethoven Symphonies with the 9th (2.30) and follows later with a live relay of Die Fledermaus (7.00) from Covent Garden with Joan Sutherland, so it is said, making her farewell performance. Incidentally John Sessions plays Frosch, the character who, over the years, has been portrayed by so many eminent comedians. Channel 4 also has lightweight opera: a film called Yes

ONCE MORE unto the Giorgio (8.30) in which breach dear viewers, once Pavarotti plays, guess what, an opera singer.

Tomorrow's movies begin with Little Dorrit (8 pm. BBC2) adapted and directed in 1987 by Christine Edzard, who is studiously faithful to the original. It is packed with stars (Guinness, Jacobi, Max Wall, Margo lyes, even Alan Bennett) acting their socks off, and I enjoyed it in the cinema in spite of its length (two parts lasting six hours all but 10 minutes, Part 1 today and 2 tomorrow). Yet Lean's 2-hour Great Expectations and Arthur Hopcraft's eight-part television adaptation of Bleak House which begins a repeat on BBC2 on Thursday are both more exhilarating.

There is also Mel Brooks' 1967 spoof, The Producers (11.00, C4) which has become such a cult among showbusiness people. Famously it contains the hideous musical "Springtime For Hitler". more tempting is Rebecca (II.40, BBC2) adapted from Daphne du Maurier's novel to become, rightly, one of Hitchcock's most celebrated films. It stars Laurence Olivier and Joan Fontaine and won the Oscar for Best Picture in 1940.

One way or another (mostly with a video recorder, probably) I shall be capturing the three hours of 1001 Nights Of TV (8.00, C4). This is another of the archive compilations which Linda Zuck and John Wyver are making into an interesting bank holiday habit for Channel 4. Tonight's sections include "Night Shirts: A collection of bygone fashions featuring five Alison Steadmans" and "Night Classes: a look at the British class structure as depicted on TV." **Christopher Dunkley**

APPOINTMENTS

Glynwed International makes board changes

■ The following changes have been made by GLYNWED INTERNATIONAL in its board membership and responsibilities. Mr Bernard Doyle joins the board and is appointed chief executive of the group's steel and engineering division, with responsibilities increased to include the steel tube

sub-division of the tubes and fittings division. Mr Des Gripton retires from the board and as chief executive of the steel and engineering division. Mr Jon Pither retires from the board.

■ BROOKS SERVICE GROUP as appointed Mr Timothy Smith as an executive director. Mr Jim Crisp and Mr Roger Taylor have resigned as directors following their

■ Mr Bob Little, regional director of GPT, becomes chairman, East Midlands Council of the CONFEDERATION OF BRITISH INDUSTRY on January 1. He has been vice-chairman since last May. Mr Geoff Nicholls, chairman

of Stanton, succeeds Mr Little as vice chairman.

■ WHATMAN has appointed Mr Arthur Baker as a director from January 1. He is chief executive of the speciality products division.

Senior post at Storehouse

■ Mr Robert Jenkins has been appointed chief executive of Blazer, a STOREHOUSE company. He joins from Sears where he is buying and merchandise director of Horne Brothers. Mr Jenkins was closely involved in the recent relaunch of Horne's trading format. Before joining Sears he held buying posts with Debenhams and has also worked for BhS.

■ Mr Neil Shaw will be retiring as a non-executive director of SMITHS INDUSTRIES today. Mr David Lyon, chief executive of Bowater, will be joining the board as a non-executive director from tomorrow

CONTRACTS

Coaches for Turkey

DAF BUS, part of the United Bus Group, has won a 26.5m order from Turkey for 35 double-deck coaches, to be sup-plied between the end of this plied between the end of this year and mid-1991. The coach bodywork will be supplied by Berkhof. Valkenswaard, Netherlands. The coaches, for long distance intercity routes, will all be fitted with air conditioning, TV and VCR, and reclining seats reclining seats.

Norwegian state-controlled arms maker RAUFOSS A/S has won a NK835m (£74m) contract to supply the country's defence with ammunition from 1991 to 1995. The purchase is meant to cover the defence's total need for exercise ammunition in this period," the ministry said. The state has a 533 per cent stake in Raufoss with the remaining shares held by private investors.

One of the largest producers of manganese ore, Comilog, has placed a £170,000 order for HEWITT-ROBINS scalpers and dewaterisers for its Moanda mine in Gabon. The 2000 tonnes per hour mine, which uses exclusively Hewitt-Robins

screening equipment, supplies ore for the steel and chemical industries.

British Steel's general steels, Scunthorpe works, has awarded MICROMOTIVE CON-TROL a £123,000 contract for the supply of radio control systems to be used for the operation of overhead travelling cranes in the bloom and billet mill and the central englneering workshops.

Advice on railway expansion plans

tancy, has been awarded three contracts totalling £2.2m - on its 21st birthday. In Malaysia, Transmark is providing project management for railway expansion in the Kuala Lumpur area. In southern Africa, among other projects, trans-mark will be assisting in the re-establishment of the Macala-rail route which links seaports in Mozambique with land-locked Malawi. The projects are supported by the Overseas Development Administration.

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RADIO

are highly strister. 3:45 Film: Blue Deville (1986). A put-

NEW YEAR'S EVE

1:45 Weatherview.

4:00 Steve Madden 5:30 David Allan 7:30 Nigel Dempster 9:30 Natic Boyle 11:00 Jimmy Young 1:05 David Jacobs 2:00 Debbie David Jacobs. 200 Debole Thrower. 3:30 Music While You Work. 5:05 John Dunn. 7:30 Meet Ingrid Honderson 7:30 Hubert Grogg 8:30 George Chisholm's Hogmania 9:00 Reger Reyle Out Of 1990. 11:00 Chris Shart Jen. 1991. 11:00 Chris Shart Jen. 1991. 1:08 Rill Stuart Into 1991. 1:00 Bill Rennells. BBC RADIO 3 BBC RADIO 3
8:55 Weather And News
Headines 7:00 Morning
Concert 8:30 News. 8:35
Composers Of The Week:
Schubert, 1824-9 8:35 Those
Magical Romantics. 11:55
Bach And Rameau. 1:00
News. 1:05 Semiranide. 5:20
Lecds International Plane
Competition, 6:35 Czoch
Philharmonic Horn Soction.

Runyon Rogues. 9:25 Schubert And Bartok 10:00 The Green Man Revisited. 16:25 Te Doum 10:55 Composers Of The Week; Offenbach, 11:55 News And Big Bon, 12:00 A Jazz New

BBC RADIO 4 5:55 Shipping Forecas: 6:00 News Briefing, Weather. 6:10 Farming Today, 6:25 Prayer For The Day 6:30 Writers Revealed, 7:00 Today 8:35

The Week On 4, 8:43 People Who Say Goodbye. 10:60 News: Money Bos. 10:30 Morning Story. 18:45 Daily Service. 11:30 News: Down Your Way. 11:40 Poetry Pieasel. 12:00 News: You And Yours 12:25 Winston In And Yours 12:25 Winston In And Yours, 12:25 Winston In Love, 12:55 Weather, 1:00 The World At One, 1:40 The The World At One. 1:40 The Archers. 1:55 Shipping Forecast. 2:80 News: Woman's Hour. 3:00 News: The Killing Ol Mr Toad. 4:30 Kaleldoscope. 5:00 Pm. 5:50 Shipping Forecast. 5:55 Weather. 6:00 Six O'clock News. 6:30 News Quiz O' Tho Year. 7:00 News. 7:05 The Archers. 7:20 The Food Programme. 7:45 The Monday Play. 3:45 The Arc Ol Kissing. 3:38 Weather. 10:90 The World Tonight. 10:45 A Book At Bedüme. 11:30 The Gate Of The Year. 11:45 Ring Out. Wild Bolls. 12:00 Big Bon And News. 12:33

Shipping Forecast.

5:00 World Service 9:00 Take Five. 10:25 1, 2, 3, 4, 5. 10:40 This Family Business. 10:30 (nis Family Susiness. 12:30 Labour Of Love. 1:00 Sport. 1:05 European Concort. 2:00 Sport. 2:05 1. 2, 3. 4, 5 2:30 World Sarvice. 4:35 Five Aside, 7:20 4:35 Five Asiae, 7:28 My Sister Sit. 8:65 The Last in The Present Series. 8:30 Sporting Albums. 8:00 The New Year Mix. 11:38 World Service. 11:58 Sport. 12:85

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 Liftz (458m) at the following three centre of the following three centre Travel News. 12:00 Newsreel. 12:15 Hoax Christmas Special. 12:45 Sports Roundup. 1:00 World News. 1:01 Twenty-Four Hours/News Summery And

معم مستقلم من المنظم المعلى المنظم المنظم

Financial News, 1:30 Andy Kershaw's Worl d Of Music, 1:45 Personal View, 2:00 World News, 2:05 Bob's New Year Revolutions, 3:00 Newsreel. 3:15 With Great Pleasure. 4:00 Worl d News. 4:09 News About Britain, 4:15 BBC English. 4:30 Heute Aktuell. 5:00 World News. 5:09 Commentary. 5:15 The World Today. 5:30 Londres Solf: News And Features in French. 8:14 News Headlines in English. 8:18 BBC English. 8:30 Heure Aktuell. 7:00 German New Year Special. 7:54 News in German. 8:00 Morid Mans. 8:00 The Morid

World Today 3:30 John Peel. 3:59 Weather. 4:00 Newsdesk, 4:30 The World Today, 4:45 News and Press Review to German

BBC RADIO 3 BBC RADIO 3
rate Morning Concert. 8:38
News. 8:35 Composers Of
The Week: Schubert. 9:36
English Plana Music. 10:15
New Year's Day Concert.
12:30 Baroque Vienna. 1:00
News. 1:05 Sarbican Plano
tric. 290 Music Weekly. 2:45
Concert From The Norwich
Festival. 4:25 Baroque Birds
(Lule). 4:55 All The World's A
Globe. 5:00 Leeds World News. 8:09 The World Teday. 8:25 Words Of Paith. 8:39 The Vintage Chart Show. 9:00 News Summary/ Spo rts Roundup. 9:15 Europe's World. 9:30 Sports Newshour, 11:00 World News, 11:05 Bob's New Year Globe. 5:00 Leeds International Plano Competition. 6:20 Bach Edsemble. 7:90 News. 7:05 Wolpert Conversations. 7:30 New Year. 9:25 Drama Now. 10:10 Begux Arts Trio. 11:00 BBC. Concert Dyshetta News. 17:06 Bob's New Year Revolutions. 12:09 (A 1) Newsdesk. 12:30 Megamix. 1:00 News Summary. 1:01 Cuttook. 12:5 Financial News. 1:30 Personal View. 1:45 Europe's World. 2:00 World News. 2:03 Review Of The British Press. 2:15 Network Uk. 2:30 Sports International. 3:00 World News. 3:09 News About Britain. 3:15 The World Today. 3:30 John Peel. BBC Concert Orchestra. 11:30 Composers Of The Week: Offenbach. BBC RADIO 4
9:55 Shipping Forecast. 6:90
News Briefing; Weether. 8:10
Farming Today. 8:25 Prayer
For The Day. 6:30 A Vintage
Breakfast. 7:00 Today. 8:43
People Who Say Goodbye.
8:58 Weather, 9:00 News.

BBC RADIO 2 4:00 Sleve Madden, 7:00 David Allan, 9:00 Kate Boyla, 11:00 Desmond Boyls. 11:00 Desmond Carrington, 1:00 Jameson At The Opera. 2:00 Debble Thrower. 3:20 Music While You Work. 4:00 Bob Holness. 5:05 John Dunn. 7:00 Flywheel, Shyster And Flywheel, 7:30 Stove Race. 9:00 Whally Whyton Skittling Again. 10:00 Chris Stuart. 12:05 Neil Sedake. 1:00 Bill Bennells.

2:25 Close.

2:05 Nicholas's Latin Primer.
10:00 News; Medicine Now.
10:30 Morning Story. 10:45
Daily Service, 11:00 News;
Citizens. 11:25 From Our
Own Correspondent. 11:50
Lines Of Communication.
12:00 News; You And Yours.
12:02 News; You And Yours.
12:02 News; You And Yours.
12:02 News; You And Yours.
12:03 News; Hours.
12:05 Shipping Forecast. 2:08
News; Women's Hour. 2:00
News; Thirty-Minute Theatrs.
12:03 Reiedoscope. 5:09 FM.
12:05 Khipping Forecast. 5:55
Weather. 6:09 Six O'Clock
News; Financial Report. 8:30
My Music. 7:08 News. 7:05
The Archers. 7:20 Jean Rhys.
10:00 The World Tonight.
10:05 Psalms. 9:55 Weather.
10:00 The World Tonight.
10:45 A Book At Bedtime.
11:00 Immortal Distmonds.
11:30 A Scots Quair. 12:00
News. 12:33 Shipping
Forecast.
BISC RADIO 5

Forecast.

BBC RADIO 5

s:00 World Service. 7:30

Morning Edition. 9:00 Take
Five. 10:25 1, 2. 3, 4, 5, 10:45

Celebrity Stories. 11:00

Sport. 11:92 Gittrens. 11:25

Saddako And The Thousand

Paper Cranes. 12:00 News;

Sport. 12:05 Kelly Meets

Kylle. 12:30 Now Read On.

1:00 Sport. 1:05 1,2:3,4.5, 12:0

Sport On 5, 7:00 Celebrity

Stories. 7:35 Journey

Through Dabidrempt 8:00

Sporting Album, 8:30 The Forecast

Answerphone. 3:30 Hit The North. 11:09 World Service. 11:58 Sport. 12:05 Close. **WORLD SERVICE** WINELD SERVICES
BBC for Europe can be received in Western Europe on Medium Wave 648 kits (468m) at the following times GMT: 5:00 Morgenmagazin: German Magazine. 5:35 News In German Handling. News In German; Headlines in English And French. 5:47 Press Neview. 5:22 Financial News. 5:56 Weather And Travel News. 8:00 Newsdesk.

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strange sense of uncanny calm. The handbag whirling dervish of Downing Street has gone, quietly leaving a real Georgian house in London for a fake one in the suburbs. In the new government there seemed a great deal of going back to square one. Mr Michael Heseltine is back in Marsham Street to look after the environment. No doubt the thought of his Palladian comforts at home will alleviate the harshness of his return to the conharshness of his return to the con-crete fastness of his office towers. Sir George Young is also back to deal with the vital housing and planning briefs. He was once thought to be much too damp but will now doubtless be able to make a serious contribution. Mr Malcolm Rifkind has the toughest task to bring new resources to the starved infrastruc-ture of public transport. Will the new minister. Mr Roger Freeman, who is directly in charge of public transport, have time to take the Tube to his office or will his ministerial chauffeur come between him and the harsh real-ities the public have to endure? Although there is a certain sense of

ministerial dėja vu in the department that most directly affects the environment — voices and arguments for change seem more likely to be heard in the Cabinet room. The departing speech of Mr Chris Patten on the Gov-ernment's involvement in architecture at least brought a note of humor-ous realism to the subject. His discussion of guidelines and principles appeared to come directly from the architectural manifesto published by the Prince of Wales a year earlier as "A Vision of Britain."

Looking back at 1990, what were the architects' visions? The British enthusiasm and expertise in high-tech architecture continued. Stansted Airport will open early in 1991 and a preliminary look at this great work by Sir Norman Foster (honoured in 1990) suggests that it may well be the most elegant airport in Europe. Sir Nor-man's own new office building which opened by the Thames in Battersea with its glass penthouses on top looks much more ordinary and strangely unhappy on its site.

unhappy on its site.

Also standing in Battersea is another sad building. The great brick power station designed by Sir Giles Gilbert Scott in 1931 stands looking almost derelict having failed during the last year to be converted into the world's finest leisure centre. One of the wittigst and antirally feesible ideas the wittiest and entirely feasible ideas of the last year was the suggestion put forward by architect Nicholas Hills to convert the power station into a house of prayer by making it a Great Metropolitan Mosque. It has all the attributes of Santa Sophia without the awkwardness of its having being a Christian building. Mr Hills sees a great flight of steps leading into the river where the faithful arrive in

Religious buildings were significant
in 1990. St. Peter's opened, in replica
form with air conditioning and escalators, in the unlikely surroundings of the Ivory Coast; the Pope accepted the building as an African base. In Milton Keynes a large domed ecumenical centre - the town church - neared completion. More protection was given to cathedrals by the govern-ment in the form of a new ecclesiastical quango and the chance of some financial help.

Internation

pard change

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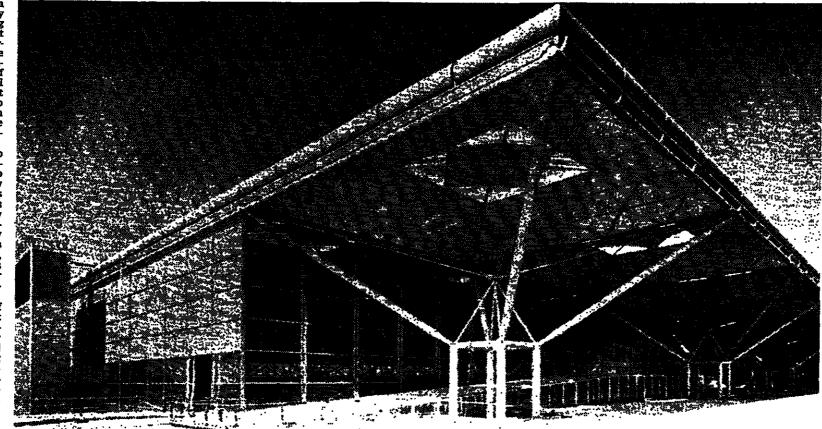
ITRACTS

Mr Peter Palumbo, as chairman of the Arts Council, made the rather unlikely suggestion that a fund should be set up to repair all cathedrais and all great buildings by the millennium. Nobody disagreed but no one seemed to know how it was to be

Conservation issues were important in the last year but attention moved from these shores to the problems of the patrimony of Eastern Europe. As communism crumbled capitalists cast their eyes on Hungarian estates, Prague palaces and country houses in Czechoslovakia. In Romania the new regime seemed to be sinisterly, like the old, and lack of funds prevents any significant changes to the collaps-ing condition of villages and churches. But it is in Germany that the political changes look most likely to be reflected in actual architectural

The architectural experience of 1990 was to be able to walk through the

Brandenberg Gate and down the



Stansted Airport terminal ARCHITECTURE IN 1990

Colin Amery on the visions, and visionaries, of the past year

East and West Berlin became one city and in relatively low key event fireworks marked its unification as the capital of the new Germany. Berlin is not yet, however, the new seat of gov-ernment. The Unity Contract has postponed any decision on the costly problem of moving government, embassies and parliament to the shores of the Wansee although it is likely to be desirable in the long term. There was a vague and rather unsatisfactory architectural conference about the future of the city during the year.

The serious competition between Paris and Berlin as the cultural capital of Europe has hardly begun. Paris appears to have a head start with President Mitterand's Grands Projets nearing completion.

It would be a foolish man who underestimated the importance of Italy in the European cultural and political race. Rome's history makes it an ideal capital of Christian Europe and it was after all the scene of Mrs Thatcher's last Little Englander stand. Relations between Britain and Italy have been enhanced in 1990 by the presence in London of the Accademia Italiana and in Italy by the loan - tion in the national press but it has

departure with a display of simmering volcano paintings from Naples. What is clear is that England and Italy have a good tradition of cultural coopera tion, which was enhanced by the 1990 State Visit of the President of Italy. Behind the flummery of the protoco it was worth noticing the presence of the European Community Environ-ment Commissioner, Italian Carlo Ripa di Meana. He is the man who was behind the EEC green paper on the urban environment published in June and which will be much debated

in the year ahead. It is a document that will have a significant effect on the whole Euro-pean debate about the future of cities and will surely give a new meaning to the phrase, "community architec-

subject which receives much atten-

of the Villa Lante to the Prince of Wales for his first successful Architectural Summer School. I am not sure what significance to attach to the planning of the Accademia's exhibition programme in 1990. It began with Futurist visions of Sant'Elia and ended shortly before Mrs Thatcher's denarrance with a display of simmering. Part 2 students. From 1992 architects in practice will have a binding obligation to undertake continuing education throughout their careers. Quite how this demand is to be matched by the government's expressed wish to cut expenditure on architectural education is not clear.

Mr Chris Patten, while he was still Secretary of State for the Environment, in 1990 proposed an environmental audit during the lifetime of most buildings and suggested that it be carried out by architects. This perfectly consible idea represents a porther fectly sensible idea represents another area where more, not less, education is needed. Education will continue to be a leading subject for debate in the

The good news at the end of the Architectural education is not a new President of the RIBA was to be new President of the RIBA was to be the new President of the RIBA was to be new President of the RIBA was to be come out of 1990. From now on the Mr Richard MacCormac, from July architectural debate should be both 1991. For the first time for a long time civilised and European.

the members of the Institute have voted, not for a trade unionist but for a good architect. MacCormac has built some very good, very English buildings. His Sainsbury building at Worcester College, Oxford, is well known. He likes vernacular materials and has a puritanical sense of simple design. He will presumably have to resign his seat on the Royal Fine Art Commission where he must be permanently critical of the work of most British architects. He will be better placed as President of the RIBA to carry on his public crusade for good architecture. His diffident manner should not be under-estimated. He has felt strongly enough to resign from his commission to redevelop the Spitalfields market site where he was replaced by rampant American com-mercial architects. He lives in Spital-fields and I still remember with the greatest pleasure the time he showed me his intricate and beautiful rooms he had designed for his own use. Like so many architects he lives in an old house, but he has made his own environment which is new and original.



MUSIC IN 1990

Mini-festivals and second-rate performances

Battersea Power Station as a Great Metropolitan

Those of us who write about The thoughtfully balanced promusic for this newspaper hear grammes were perhaps too far too much of it to distine even-handed in selecting the guish confidently between what happened nine months ago and what was played a year-and-a-half back. Weeding through my 1990 reviews was at first disheartening — what a lot of goodish, second-rate performances there are! (or have I just grown sour?) — but eventually reassuring: the glow of pleasant recall was kindled quite often. Too often, for present purposes, by well-known artists who don't need repetitive praise; of the music that came my way, I'll catalogue chiefly what stood out against expectations, or where one hadn't any special expectations. guish confidently between

Among the mini-"festivals" which are now a continual feature of South Bank, Barbican ture of South Bank, Barbican and Wigmore programming, the South Bank's Szymanowski retrospective was a clear success. It must have opened many ears to that exotic, variable composer. Of what I heard, Simon Rattle's account of the Third Symphony, the "Song of the Night", was properly sensational, and on a smaller scale, in the stratospheric songs written for Szymanowski's coloratura sister, Elleen Hulse's quicksilver Eileen Hulse's quicksilver

soprano was marvellous.

The big "Max Festival", celebrating Peter Maxwell Davies' music with intermittent éclat. was a more qualified success.

Max pieces, no less generous to those that were meant to be important as to others – large and small – which palpably hit their marks: but the best of them generated all the power they first seemed to have in the 1960s and '70s. And there are promising signs of a "late Max", still to be fully stamped upon one big work in the way of Luciano Berio's ripe Formazioni (a recent Concertgebouw commission), which was for me the revelation of the Barbican's Berio Festival.

Mosque

Edward Downes achieved that with the BBC Philharthat with the BBC Frithdr-monic, mark you – the former BBC Northern Symphony, much stronger than ever. The BBC's London band offered many of the most interesting many of the most interesting programmes as usual: besides a distinguished Bruckner Fourth by Janowski, I remem-ber Andrew Davis striking treasure with them in Sibelius, and lighting up Lutoslawski's haunting cantata Les Espaces du sommeil with the baritone David Wilson-Johnson. Two other Bruckner performances other Bruckner performances made this a vintage year. Skrowaczewski's resplendent Third with the Hallé in January, and Colin Davis's penetrating recreation of the F minor Mass a couple of weeks ago with the London Symphony.

Along with Andrew Davis, the young-middling contingent

of regular conductors now here is the best I can remember. With the LSO Kent Nagano expounded Mahler's Ninth with an astonishingly mature grip, and Tilson Thomas honed his Stravinsky Sacre still sharper. Libor Pesek led his Royal Liverpool Philbarmonic through Janácek's "Glagolitic" Mass with vital conviction. The composer Lutoslawski was further honoured by the Cleve-land Orchestra under Dohnanyi, who delivered his pre-avant-garde Concerto to a technical standard – uncanny unanimity, superb brass, bril-

Weeding through my 1990 reviews was at first disheartening... but eventually reassuring

liant pianissimos - that left one amazed.

In the Royal Academy of Music "American" mini-festival, one heroic performance by the student orchestra inspired the student orchestra inspired serious optimism about future British standards: a passionate, articulate account of Elliott Carter's teeming Variations for Orchestra, conducted with spring-steel finesse by Nicholas Cleobury, which not many years ago couldn't have been matched. (In a BBC Lunchtime concert Carter was represented concert Carter was represented by another of the year's best performances, when the Arditti

Quartet played the work that marked him as a ground-breaker of the highest order, his First Quartet.) I had to "First", Artur Pizarro (hugely miss most of the sterling Almeida Festival, sadly. A Bee-thoven-Bartók mini-festival at the Wigmore proved less than the sum of its often excellent parts: as a programmer, András Schiff is an admirable So is Michelangeli, whose solo Beethoven was bleak but

solo Beethoven was heak but his Chopin inspired. The formi-dable Cécile Ousset exposed a new vein of candid personal feeling – with perfect tact, of course – in Chopin and Schu-mann concerti. The conductor Jeffrey Tate was a perfect col-leboster for Barry Develos in Jenney Tate was a perfect col-laborator for Barry Douglas in Beethoven's "Emperor" Con-certo (which I enjoyed for the first time in years) with the LSO; I missed his version in another mini-festival, all Beethoven's piano concerti with Mitsuko Uchida and the Mitsuko Uchida and the English Chamber Orchestra, but their C minor Concerto fairly exploded with dramatic life. Amid their fascinating recitals both Louis Lortie and Mikhail Rudy played Stravinsky's 3 Petrushka Pieces to terrific effect, though quite differently. (Why is it that these mere piano-reductions from a popular ballet have come to be a se certainly they have as certainly they have such a pianistic touchstone?)
For future challengers, one could look to the Leeds Competition. With a notably impres-

assured keyboard-command unstinting warmth), and the not strictly comparable Lars Vogt, who revelled in bold, onthe spot ideas, maybe too many for a mere pianist - I fancy he may find himself driven to conducting. Among violinists, Thomas Zehetmair gave a characteristically quizzical, illuminating cast to Mendels-sohn's concerto (also with Tate), and in Beethoven's the much-hyped young Joshua Bell made an impression of the utmost sweetness and grave simplicity.

simplicity.

Among the rich chamberfare at the Wigmore, the Suk
Trio and the Suk Quartet – all
Czechs, but quite different people – offered delectably idiomatic playing, and amid the substantial Nash Ensemble
contributions was a Poulenc
Sextet of triumphant comic
vitality. Besides already-famous singers, we had Marjana
Lipovsek's splendid first Liederabend here, and some
extraordinary bass-baritone
Schubert from young Bryn Ter-Schubert from young Bryn Ter-fel (with the tireless Songmakers' Almanac); and at last a London concert with the young French soprano Catherine Dubosc, who is irresistibly stylish, and another which intro-duced us (with the help of Oliver Knussen) to the young American Lisa Saffer, a high

soprano of gleaming potential in modern music – tipped to lead the ENO's first Berg Luke. Among new pieces, which the London Sinfonietta still displays more generously than anybody, I thought H.K. Gruber's Cello Concerto (with Christoph van Kampen as intrepid soloist, Zagrosek as sensitive conductor) likely to convert any audience to his dryly original, period-conscious charm. Not only is the sheer sound indecently cajoling, but the witty, side-slipping con-struction – and the sleeve-tug-ging tunes – prove that there is still new, echt-Viennese music to remember and in music to remember an music to remember and fromse upon its past. (Not, if you think about it, all that unlike Strauss's opera Daphne, which got a ravishing performance by the Chelsea Opera Group under the wise veteran Norman del Mar.) There is a specifically European future over the ically European future open to

As for non-specific EEC music, Magnus Lindberg's many-layered Marea – Sinfonietta again, Esa-Pekka Saionen conducting – confirmed that Boulez's IRCAM forcing-house isn't committed just to tunning theoretical 1966running theoretical 1960s ideals into the sand, but encourages audible musical discoveries too. It is nice to know that, since nowadays there is no "British" main-

David Murray

The Nutcracker

there are no less than four productions currently on offer in this country - yet I am happy to continue sampling the Royal Ballet's version, for it has all the magic that children (actual or at heart) dren (actual, or at heart) demand at this time of year. On Thursday afternoon an audience whose average age might just have been seven years, caught its breath as the lights went down, and was audibly enraptured when the Christmas tree grew amid a shower of gold sequins.
With Jonathan Burrows a

The Nutcracker is inescapable

magisterial Drosselmeyer – looking, in his eye-patch, like a piratical Haydn – and with Anthony Bourne a Nutcracker of great charm, the action unfolded with proper grace. We could enjoy the detail of the Stahlbaum's party, and admire the skills of the Royal Ballet School's juniors as guests and toy soldiers and mice. ("No, dear, they're not real mice", came one reassuring voice to an aghast tot).

And after the rather sticky divertissements – but Lynne Bristow's Princess dancing with a fine assurance - the great pas de deux to bring Belinda Hatley and Errol Pick-

Miss Hatley, in her third year with the company, is a Sugar Plum of delightful qualities: musical, easy in technique, unforced in manner. Her account of the role is - in the best sense of the word -

ful bloom to it, and it holds real hope for the future. From Mr Pickford an exemplary account of his variation. Here was classical dancing marked by an astonishing frankness. The steps were pure, without mannerism, and superbly exact. The very fact of Mr Pickford's grand elevation and the polish of his execution would be remarkable: the honesty and the sense of commanding pe remarkable: the honesty and the sense of commanding prowess in his performance made this some of the most refreshing — and memorable — dancing of the year.

On the following evening Nina Ananiashvili and Alexey Fadevecher, were the livery and the livery for the first programme of the sense of the livery for the liver

Fadeyechev were the Nut-cracker principals. Bolshoy largeness of style extends the horizons of the great duet, of course, so that it gains in stature and significance, and Fad-eyechev is an impeccable cavalier. Ananiashvili is any child's – and any balletomane's – idea of Sugar Plum, with the radiant authority that solo demands, and an evident sense of delight in the occasion.

There was an engaging account of the Nutcracker from Iain Webb, and a benevolent Drosselmeyer proposed by Alexander Grant.

I hope that audiences have also been watching Leslie Edwards' cameo portrait of the Captain in the porty scene, a performance of the liveliest dramatic sense and elegance. Mr Edwards remains part of the essential fabric of the

Clement Crisp

Poussin drawings

ASHMOLEAN, OXFORD

It would be optimistic to imagine that "Drawings by Nicolas Poussin (1594-1665) from British Collections" will have a wide popular appeal. Indeed it was almost certainly conceived for the benefit of a small circle of cognoscenti. It takes for granted at least a basic familiarity with Poussin's paintings, and even some knowledge of the recent scholarly controversies concerning the chronology and attribution of Poussin's early output. In short, it is as remote from pop-ular interest as those articles which candid academics sometimes admit to skipping in the pages of Apollo and the Burlington. And yet the amateur

will not leave empty-handed.
It is sometimes difficult to make Old Master drawings approachable to the non-spe-cialist, especially when, as here, the drawings themselves are the subject of academic disagreement; in such cases the catalogue entries may become over-burdened with cross-references and turgid erudition. However, here is a quick synopsis of the background to this

exhibition.
Anthony Blunt's studies of Poussin have long enjoyed the status of Holy Writ, and indeed in many respects they will continue to do so. Nevertheles over recent years several scholars have argued that his essment of Poussin's early oeuvre is somewhat adrift. In particular Konrad Oberhuber (Director of the Albertina Print Room, Vienna) has advanced a number of novel theories, some of which seem to lack the caution and rigour characteristic

of Blunt's approach. of Blunt's approach.

The inclusion in this exhibition of the early Parisian drawings from the Royal Library is evidently a rebuttal of Oberhuber's thesis that they are copies, while the selection of other drawings indicates approval for the post-Blunt spirit of re-approisal Marsi spirit of re-appraisal. Mercifully these speculations, for all their ultimate importance. need not preoccupy the ama-teur Poussin enthusiast who really seeks an insight into the creative processes of the artist rather than the historian.

The chronological arrange-ment of the 60 drawings is an attempt to survey the development of Poussin's draughts-manship. Organised in this way they do not produce an impression of increasing fluency and artifice, as one might expect from many Baroque artists, but show instead a pro-gressive renunciation of the meretricious in pursuit of an

Poussin's drawings are inti-mately connected with his naintings, and show the same underlying progression from Mannerism, through the hedo-nistic and lytical influence of Titian, towards a more solemn and serene classicism partly inspired by Raphael and the Antique in the later 1630s. However the many regressions along the way inevitably pre

vent stylistic pigeonholing. With the exception of a few exquisite landscape studies and the beautiful copies of antique bas-reliefs, the majority of the drawings are preparatory studies for paintings. These range from rapid pen or pen and wash sketches where the figures are almost abstract and the composition is summarised in the briefest terms, to more finished works representing the advanced but not necessarily final stages of an idea, exemplified by "The Adoration of the Shepherds" of the

mid-1630s. A striking feature of many of the preparatory studies is the painterly use of wash, creating shadows that rapidly model the figures and suggest the overall logic of lighting within the composition. By this means a sense of dramatic atmosphere can be achieved, as in "The Death of Germanicus" . Over a remarkabi sparse linear framework.

Many of these preparatory drawings were clearly not intended to be objects of independent beauty, but rather a means of testing the eloquence of the artist's compositional ideas. As such they have an uncompromising vigour and imaginative immediacy characteristic of the working study, qualities often absent in drawings whose purpose might also he please a connoisseur.

An opportunity to witness the fulminations of the creative process is provided by the two preparatory drawings for Confirmation, relating to the second series of "Sacra-ments" of the later 1640s. The architectural setting, lighting and position of the figures is changed in the second drawing as Poussin strives to achieve a solution that will be the clearest exposition of the subject. These drawings illustrate his efforts during this period to create a rationally ordered lan-

guage of composition, and in their cerebral severity and conspicuous lack of sensuous or calligraphic qualities, they offer little to charm the eye. However, as admirers of Poussin's paintings will know, Arcadia is a place of great nat-ural - if rationally supervised beauty, and this exhibition is balanced with a handful of fine landscape studies made during the artist's ramblings in the

Roman Campagna.

Although this exhibition is clearly an occasion for one group of academics to air their differences with another regarding the authenticity of some of the drawings, it is also a welcome opportunity to see a representative selection of works by a great master.

The exhibition is organised

and catalogued by Hugh Brigs-tocke, and the sponsors are his mployers, Sotheby's. Drawings by Nicolas Poussin is at the Ashmolean Museum, Oxford, until February 17.

Richard Newbury



"The Rape of the Sabines"(c1635) by Poussin

FINANCIAL TIMES

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Revolution, a year after

JUST A year ago the world watched with horror and excitement the fall of Ceausescu's tyranny in Romania. This brought to an end a year of revolutions. One east European communist regime after another collapsed, as Mikhail Gorbachev's Soviet Union retreated, both geographically and ideologically. Under US leadership, the west had won a decisive victory against communism.

These revolutions marked the end, if not of history, at least of a particular phase in European intellectual history. For these were not revolutions, but counter-revolutions. They marked *finis* to a chapter that had begun with the French revolution, the bicentenary of which fell so appositely within that year. The omnipresent state was not a cure for the ills of civil society, any more than terror was a path towards universal happiness. These counter-revolutions demonstrated the wisdom of the other 18th-century tradition, that embodied in the American revolution and resting on democracy and individual liberty under the law.

How hopeful it all appeared! But how distant those hopes already seem. The plight of east Europe now seems more grave, the prospects of the Soviet Union more frightening, such unexpected events as Iraq's invasion of Kuwait more threatening and western co-operation more fragile than was envisaged even a year ago. Triumph and Tragedy, the title of the last volume of Winston Churchill's history of the second world war, offers an apt warning to those who have witnessed a second triumph over totalitarianism in this century.

Even though some things have not gone as well as had been hoped, gloom must not be overdone. Much has been achieved: the unification of Germany, a commitment to a massive programme of disarmament in Europe and more or less democratic elections throughout east Europe.

Instead of undue gloom, what is required is recognition that international economic and political order will not be supplied automatically and cannot be supplied by any one power acting on its own. The necessary and sufficient conditions are, above all, co-operation among the three main market economy powers, the US, the European Community and Japan.

Empire in disintegration

A group of countries that accounts for 60 per cent of world output, half of world trade and virtually all of the world's new technology, can provide stability if it acts together. The Soviet Union, it is now evident, will be little, if any, help. It has ceased to be an obstacle to international order, as has been shown by its co-operative attitude in the Gulf crisis. But perhaps the best that the west can hope for is that the Soviet Union does not become a major problem in its own right. As a hugely armed empire in disintegration, the Soviet Union seems unlikely to oblige.

In east Europe, alas, they made a desert and called it socialism. Communism has left behind it more than physical devastation; the legacy of totalitarianism includes cynicism and corruption. Furthermore, in trying to establish market economies and democratic polities, the countries of east Europe have little to go on.

Some governments, notably Poland's, have been more determined than others; some countries, notably Czechoslovakia, possess greater historical experience of democracy than others; but none possesses the popular commitment to reform that can alone guarantee success. How can there be such a commitment when so many of the beneficiaries of reform will be the secret policemen and corrupt officials who both bullied and exploited the populace for so long?

The collapse of east European and Soviet communism has left a wasteland in which now grow all sorts of weeds. Similarly, the end of the cold war has revealed more ancient sources of conflict. Iraq's invasion of Kuwait was a grab for undefended wealth, the oldest form of imperialism. The cost of reversing the invasion reveals the difficulty of maintaining order in a world of countries divided by differences in wealth and in religion, but united in their ability to obtain the most lethal weaponry.

As has been true for much of the century, the only western power capable of meeting a challenge on this scale is the US. For all the talk of the United Nations and the Security Council. or even of European political union, the US remains the one superpower. But the US is no contented global policeman. It is increasingly inward-looking and distracted. It wishes to have greater sharing of the burden, but resents any dilution of its authority.

The ending of the cold war has created a difficult

challenge for the western powers. It is to co-operate in the absence of a threat; to provide a global order where there is no unquestioned leader; to look outwards where all the current political pressures are to look inwards.

The west because a lodestar to the east because it was

The west became a lodestar to the east because it was prosperous. That prosperity has been built on market exchange on a scale far exceeding that possible in the autarkic economies of the east. The international trading system was the foundation of that success. It is now seriously threatened by the suspension of the Uruguay Round negotiations.

Useful safety valve

Many believe that trading blocs should, or at least will, prove to be the replacement of the liberal global system. But trading blocs are not an alternative to a globally encompassing order; they can at best be elements in it. For the case for liberal trade does not fail at the economically arbitrary boundaries of continents.

The Uruguay Round must be pursued to a successful completion, but international monetary arrangements can be left in their loosely co-ordinated state. The possibility of adjusting exchange rates among the main economies has been a useful safety valve in the past. At present, it is a reflection of the very different cyclical positions of the three main economies, with the US entering recession, Germany enjoying the stimulus of unification and Japan also continuing to expand, despite its financial turbulence.

No less difficult than maintenance of a liberal and dynamic world economy will be the provision of global security. The US engagement in the Gulf could prove to be the end of its era of activism, not the beginning of a new "manifest destiny". But there is nothing to take its place. On the contrary, history continues to hang over any German or Japanese attempts to play a larger role on the world stage, while neither the UK nor France has the required size.

The Gulf conflict may prove manageable. But the provision of a global security order is likely to require a transformation of relations among the main western powers far more radical than any is now able to contemplate. Historically, disaster has followed the collapse of victori-

ous coalitions. No less would this be true now. This coalition must be developed and extended, rebalanced and redirected. The threat that created it has passed, but the need for it has not. The western powers can secure economic and political stability if they wish. They have the means; nothing fundamental divides them. What is required is the vision and the will. They can sustain their success or see it collapse. The choice is theirs.

ess than three weeks ago Mr Octav Botnar called in guests, friends and media to London's Savoy Hotel for a rare public appearance to celebrate the 21st birthday of Nissan UK, the company he had built over two decades into the leading Japanese car franchise in the UK.

As the guests, headed by Mr Cecil Parkinson – former chairman of the Conservative party and a very recent former transport secretary – settled in to lunch in the Beaufort Room, Mr Botnar was still blissfully unaware that Japan's second-largest car maker had decided a week before to pull the rug from under him. Nissan UK's lucrative, exclusive franchise to import and distribute Nissan vehicles in the UK was to be ended.

As Mr Parkinson rose to describe Mr Botnar as "truthfully one of our great philanthropists" - Nissan UK had revealed that morning it was donating £5m to the Great Ormond Street Hospital for Sick Children - his laudatory speech was not heard by any representatives from Nissan itself.

The car maker had pointedly decided to stay away. It alone knew that it had steeled itself to make a final and very public break from the man who had played a leading role in persuading it a decade earlier to choose the UK as the location for the list language are plant in European

first Japanese car plant in Europe.

The champagne celebrations have rapidly gone flat, and Mr Botnar must now meet his lawyers in the next few days to decide how to respond to Nissan's apparent coup de grace.

The climax to the festering conflict between Nissan and its UK importer/

between Nissan and its UK importer/
distributor has been a long time coming, but the car maker decided at a
meeting of its executive committee in
Tokyo on December 9 that it must
bring order to its affairs in the UK.
To face a potentially acrimonious
public battle through the courts in
London or Tokyo involves a considerable loss of face for Nissan. Japanese
business culture would expect such a
row to be dealt with in private.

"There are far fewer lawyers in Japan; it is very seldom that rows become public," says Mr Toshiaki Yasuda, Nissan Motor's general manager for international public relations in Tokyo. "We were too compliant with Mr Botnar; we did not want to be embarrassed or the issues to be made public.

"We did not realise that Mr Botnar was operating on different values. For him it is a game. You either win or lose. If you get a concession, you win. To make a concession is a sign of weakness. Mr Botnar was able to take advantage of Japanese attitudes."

advantage of Japanese attitudes."

Nissan has realised that too much is at stake, however, to be playing the game by the wrong set of rules. It is pouring more than 5640m into developing its UK car plant at Sunderland, north-east England, and has decided it cannot afford to have this investment jeopardised by an unstable relationship with NUK, the independent, privately-owned importer/distributor for the UK, Nissan's biggest single European market and the Sunderland plant's domestic market.

Production of Sunderland's single model, the Nissan Primera, is running at 100,000 to 110,000 a year, but in 1992 the capacity of the plant is due to be raised to more than 200,000 cars a year with the addition of a Micrasized supermini. Adding urgency to Nissan's conviction that it had to bite the bullet and deal decisively with NUK and Mr Botnar is the fact that Toyota and Honda, its domestic rivals on the world stage, are now breathing down its neck in Europe.

After much heart-searching and internal dissension Nissan stole a march on its domestic rivals by deciding in 1984 to become the first Japanese car maker to develop a car assembly plant in Europe. Now Toyota and Honda are catching up fast, however, and by 1992 both will have begun initial production at their first European car plants, both having

Kevin Done looks at Nissan's decision to terminate its relationship with Mr Octav Botnar, its UK importer/distributor



Nissan gets back in the driving seat

chosen the UK as the location.

As the conflict with NUK grew more intractable this year, Nissan faced the prospect that its competitive advantage in Europe would rapidly evaporate as it became bogged down in apparently endless disputes with NUK and the redoubtable Mr Botnar. The move to take on Mr Botnar publicly is the boldest declaration by Nissan of its desire to regain control of its UK marketing and sales operations and its UK dealer network by 1992

and the single European market.

If the move backfires, however, it could seriously undermine Nissan's chances in the coming battle for the European car market in the 1990s, and severely damage its present 5.4 per cent share of UK new car sales.

cent share of UK new car sales.

In the UK Nissan's sales are more than double or treble its closest Japanese rivals. Toyota has 2.1 per cent of the UK market, with Honda holding 1.6 per cent. Already this year, however, Nissan's share fell in the first 11 months to 5.4 per cent from 6.1 per cent a year earlier.

For much of 1990 Nissan and NUK

ror much of 1991 Nissan and NUK have been arguing fiercely over the pricing policy for the Nissan Primera, the important new large family car. The Primera is assembled at Sunderland and was launched throughout Europe in the autumn. The row over the Primera, in which Mr Botnar and NUK have advanced themselves as the champion of the British consumer and accused Nissan of over-pricing the car in the UK, is only the latest manifestation that all was not well between the two.

plete and idiosyncratic control as chairman and managing director of both Nissan UK Holdings, the sole importer and distributor of Nissan motor vehicles in the UK, and of Automotive Financial Group Holdings, the largest retail motor group in the UK. The latter has about 160 dealerships and accounts for more than half of the volume of Nissan new car sales in the UK.

According to Nissan UK, Mr Botnar holds no shares in the companies, having transferred his shares in NUK to a trust, the now Panama-registered

The man who has carved out Nissan's considerable slice of the UK new car market is a publicity-shy eastern European émigré

European Motor Vehicles Corporation, in 1974, on the condition that he
should remain chairman and chief
executive "for life with full powers".

On the back of the Nissan franchise
he has built companies which had
combined pre-tax profits of £132.9m on
a total turnover of £1.87bn in the year
to July 31 1989, the most recent
audited figures available. Of this, Nissan UK Holdings, which holds the
Nissan franchise, made a pre-tax
profit of £69.3m on a turnover of
£950.6m.

nanifestation that all was not well
annifestation that all was not well
etween the two.
The scale of the legal battle which
could now ensue becomes clear when
Mr Yasuda insists that, "the question

of compensation does not arise".

The man who has carved out Nissan's considerable slice of the UK new car market is a publicity-shy eastern European emigre who took on the franchise for importing and distributing Nissan vehicles — then sold under the Datsun name — in the UK in 1969.

He is a short, stocky man with a round, smiling face, but a reputation for ruthlessness and arrogance. A West German national by passport, he was born in 1913 in the region of Bukovina, then a part of the Austro-Hungarian empire and now straddling northern Romania and the southern Ukraine. A fluent German and French speaker whose English is still heavily German-accented, he moved to Austria as a child and says he fought in the French Resistance. He arrived in Britain in 1967 from the motor business in West Germany, to reorganise the LW engreesing of NSI.

the UK concession of NSU.

From sales of 1,900 in 1970 Mr Botnar built Nissan new vehicle registrations in the UK to more than 148,000 in each of the peak years 1988 and 1989. His success helped to persuade the Japanese car maker in the early 1980s to build its first European car plant in the UK. A vital part of its deliberations and discussions with Mr Botnar at the time was that it would eventually take over control of the franchise in the UK.

Both sides are in agreement that

this was the case, but from that point on versions differ, and the claims as to why Nissan's takeover of Nissan UK never came to pass diverge wildly. Mr Botnar clearly feels unfairly

treated. Having developed the Nissan distribution network in the UK to the point that the Japanese car maker was ready to invest in manufacturing capacity, he claims that he has been increasingly isolated and disregarded. He says that the transfer prices insisted on by Nissan for the Primera make it impossible to sell the car properly at a reasonable profit.

He feels that he is being penalised for the profitability and efficiency of his NIIK operations, and that Nissan

property at a reasonable profit.

He feels that he is being penalised for the profitability and efficiency of his NUK operations, and that Nissan pricing policies are forcing him to lose volume and, therefore, to close down some of his AFG dealerships. (About 30 have been closed since mid-1990 as the UK new car market has slipped into recession, reducing the number of AFG dealerships to 162 of a total 374 Nissan dealers in the UK).

Against the sensitive background of an inquiry by the Monopolles and Mergers Commission into UK new car prices generally, Nissan UK earlier this year accused the Japanese carmaker of acting "unfairly" against the British consumer.

British consumer.
For its part Nissan Motor has become exasperated to the point of distraction by someone it sees as unpredictable, whimsical and volatile. In its announcement last week it said it believed NUK had failed to meet the provisions of the legal agreements between the two companies and said "the basis of trust essential to a trading relationship was no longer present between the two companies".

Nissan claims that NUK has failed to pick up cars at the time stipulated, that it has delayed payments — a claimed payment of £6.14m came in three months late on December 21 — and that its provision of forward sales plans to allow Nissan to plan production has been haphazard for at least six to seven years.

six to seven years.

"We don't know what he is doing from one day to another," says Mr Yasuda. "He comes to a decision in the morning, then he is perfectly likely to change it in the evening without any explanation."

without any explanation."

Nissan's anger was also kindled when it learned from press reports last year that Mr Botnar had restructured the Nissan UK business, splitting the NUK franchise activity away from the AFG dealerships and fluance operations. A stake of 71.52 per cent is still owned by the Panama-registered European Motor Vehicles Corporation in NUKH, but a stake of similar size in AFGH is now owned by the Union Bank of Switzerland's Luxembourg subsidiary.

subsidiary.

Nissan angrily rejects claims that it is overcharging NUK for the Primera and says that the transfer prices are only "marginally" higher to the UK than to the Netherlands or to Germany, where it owns the distributorships. It claims that Mr Botnar's erratic behaviour thwarted its earlier attempts at an agreed takeover of NUK. "Three to four times we thought we had a deal. Each time it was Mr Botnar who stepped back and and came up with a new condition," insists Mr Yasuda.

The way forward for both Mr Botnar and for Nissan is now far from clear. The original agreement between Nissan Motor and Nissan UK in 1971 ran for three years with annual sales targets, and was then renewable for two periods of five years. It had no cancellation clause, but disputes were to be settled by binding arbitration in Japan by a third party.

Nissan's attempts in the early 1980s to replace the agreement with a standardised one used for all its other European distributors were rebuffed by Mr Botnar. What agreement is now in place, actually to be terminated, is a point for the lawyers to fight over.

Mr Botnar is unlikely to renounce

Mr Botnar is unlikely to renounce what he sees as his life's work. He insists that money is a secondary consideration. In a recent interview he said: "Maybe we will be in trouble on the legal front. I am interested that what I have built up does not go to pieces, so I am fighting. That is my character. I cannot alter it at my age."

Restless women and 'rekietiers'

nyone wanting to get an idea of what a westward exodus of refugees from the Soviet Union might look like only has to go to any of the crossing points on the Pollish-Soviet border. So far the crush at the frontier is caused by private Soviet citizens heavily laden with goods they plan to sell on the other side. Many are travelling from Byelorussia, which by Soviet standards is still relatively well supplied and shows little sign of hovering on the brink of dis-

The republic is the most western area of the Soviet Union but remains little moved by change elsewhere in the federation. Indeed the local Communist party at its Congress three weeks ago had to be dissuaded by a phone call from President Mikhail Gorbachev from electing the hard-line Mr Wladimir Browikow as party leader.

Despite the traumas of the

Chernobyl disaster, the fall-out

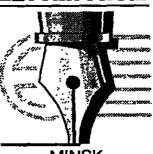
from which has affected 20 per cent of the republic's territory and 2.5m of Byelorussia's 10.5m inhabitants, the nationalist movement is weak. The Byelo-russian National Front, led by Mr Zianon Pazniak, an art historian, won a mere 27 parliamentary seats out of 350 in the last elections, and remains formally unrecognised. Its failure. is because it is "a movement for the intellectual elite" in a country which has been subjected to heavy Russification. At Brest on the frontier the queue of cars on the Soviet side snakes away down the main road for several miles. At night camp fires burn by the curb as people spend three days and nights edging up yard by yard to the customs buildings. Away to the right and left on the river Bug, searchlights scan the darkness as the border guards watch for illegal

travellers. The vigilance is impressive but the frontier has

already been breached by Soviet black marketeers paying their way across to fan out through Poland to Germany. Just before Christmas their cars were piled with ornaments, electric appliances and cheap clothes.

A few miles away in the Soviet village of Wiezki across the flat marshy plain, the scene is still a traditional one. Women spill out from a Sunday afternoon service in a green-painted wooden Russian

LETTER FROM



MINSK

Orthodox church and hurry home bundled up against the cold. The service is said for them by a priest who comes in from the nearby town of Kobryn each week, and thoughts of moving anywhere are far from their minds. "We have enough to eat and we are warm," they say in their simply furnished houses in the village, which is also the seat of the local state farm.

But the young people are restless. In Zabinka, another neat small town down the wide sandy road, a young man in a Lada car offers Polish travelers any amount of petrol they might need at four times the pump price. The cost reflects the length of the queue at the petrol station in Brest. Despite the profit, the young man says he is tired of bucking the system like this. "It's time to get away; I want to be anywhere

but here."
In Minsk, the Byelorussian capital with its 1.5m inhabitants, girls in their early twenties have also decided the time has come to leave. Contacts with foreigners who could provide the desired exit papers are at a premium. Life is difficult, shopping is an exhausting exercise and the only way to tive is through acquaintances who can "fix" scarce goods.

scarce goods.

The all-pervasive shortages have encouraged the spread of local mafias, "the rekietiers". These soft-spoken men dressed from top to toe in western clothes, driving cars sometimes stolen in Germany and smuggled into the Soviet Union, have access to large amounts of hard currency. And they discuss purchases of truckloads of western cigarettes or beer in hotel rooms with scart regard for the inevitable listening devices, a sign that most probably the local police and other officials are also involved in such "rekiets". Meanwhile ordinary people expect things

to get worse.

But judging by Minsk's covered Komarovka market, there is still some way to go before things are as bad as in the big cities such as Moscow or Leningrad. Locally-grown apples and pears, potatoes and carrots are available at prices sometimes 10 times higher than in the state shops. There are also lemons brought in by Tadxiks from Dushanbe and mandarin oranges from the Crimea – produce which has travelled up to 2,000 miles.

to 2,000 miles.

One Uzbek offering pome-granates for Rb5 each says he makes Rb4,000 during the winter selling them around the Soviet Union. The train journey from his state farm to Minsk lasted four days but his profit more than doubles his annual wage at home.

At Komarovka. meat is also

At Komarovka. meat is also easily available with pork, six times the state price, offered

by individual breeders or the "kooperativ" middle men, from the co-operatives – the nearest the Soviets have come to a private sector. A woman official at the market says that food prices took off in October and that everyone is expecting huge increases of state-controlled prices tomorrow. She looks to Poland, which has seen inflation running at nearly 250 per cent this year,

with hope.

"Conditions in Poland are better," she says, after the introduction of the market system. The hope that Soviet economic reforms will bring an improvement is shared by Mr Vladimir Karyagin, a Minsk local councillor and head of the city's private business association.

He assures foreign businessmen: "We are learning fast and things will look different in three months." It is then that be plans a trade fair in the city, called New Business in Byelorussia. At present, he adds, seven non-state-owned banks have been established by local co-operatives and enterprises in the republic, and by March he expects that figure to rise to 20.

ure to rise to 20.

Mr Karyagin says that supporters of free market ideas have a slight majority in the city council. The government of the republic headed by Mr Wiacheslaw Kiebicz is pragmatic, he says, composed mainly of former factory directors, although conservatives have a majority in parliament. "That gives an element of stability," he adds ruefully.

The people queueing at the frontier, on the other hand, are in no mood to wait for the political debates to play themselves out. They are already heading west to try their hand at trading in a free market.

Christopher Bobinski

FINANCIAL TIMES CONFERENCE

INTERNATIONAL BANKING London - 13 & 14 February 1991

The new decade finds the world banking industry at a critical juncture. The threat of recession in several leading economies is adding to the pressures on banks which have already been weakened by losses on real eatate lending and the decline in stock market values. The Financial Times Corderance on international banking will assemble a distinguished list of leading figures from the commercial investment and central banking worlds to address the issues facing the industry from a wide geographical perspective.

Speakers Include: Sir John Quinton, Bercleye Bank PLC; Mr Wiadyslaw Baka, Narodowy Bank Polstd, Dr György Surényi, Nasonal Bank o I Hungary; Mr John Fiennning, EBRID; Mr Thomas G Lebrecque, The Chase Manhattan Bank NA; Mr Anthony Loetnita, S G Warburg & Co; Mr Brian Quinn, Bank of England; M. André Lévy-Lang, Compagnie Financière de Paribas; Mr Toru Kusukawa, The Fuji Bank, Limited and M. Jean-Yves Haberer of Crédit Lyonnais.

EUROPEAN INSURANCE FORUM London - 18 & 19 February 1991

New Markets, New Risks and corporate strategies for insurers in Europe will be the focus of this high-level management Forum to be arranged by the Financial

Among the issues to be examined will be the effects of the non-life and life directives; the changing character of risks over the next ten years; success in the new Europe - how leading players are adapting; regulation and finance - a level playing field?

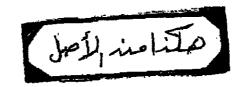
The conference brings together leading figures from the Industry as well as international experts on risk munagement including: Mr Humbert Drabbe of the Commission of the European Communities; Dr Roberto Ponthermoli of La Pravidente; Mr Peter Schroeder of Zurich Insurance Group; Mr H Fells Kloman of Tillinghast; Mr Björn Wolrath, Skandia Group; M. Claude Tendil, AXA; Mr David Coleridge of Lloyd's of London and Mr David Rowland of the Sedgwick Group.

CABLE TELEVISION AND SATELLITE BROADCASTING London—26 & 27 February 1991

The ninth Cable & Satellite Conference comes as the industry seems poised for a period of unprecedented growth, despite the temporary effects of recession and the fallout from the creation of BSkyB. De-regulation continues to open up opportunities for new television services in Europe and the recommendations of the telecommunications drupoly review, whereby cable operators should be able to offer a full telecommunication service in their own right, will provide an important new stream of revenue for the industry. The opening address will be given by Mr Peter Lloyd MP, Parliamentary Under

Secretary of State at the Home Office. A distinguished panel of speakers with review the opportunities and pitfalls including Mr Jean Dondelinger, EC Commissioner for Audio Visual Affairs, Mr Michael Checkland, Director - General of the BBC, Mr Stewart Blak, Chief Executive Officer of United Arists Entertainment, Mr Leonid Kravtchenko, Chairman of the USSR State Committee for Television and Radio and Mr Bernd Schiphorst, Managing Director of Uta TV.

All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SWIY 4LJ, Tel: 071-925 2322 (24hour answering service), Telex: 27347 FTCONF G, Fax: 071-925 2125,



FT writers trace the emergence of family dynasties at some of Europe's leading business houses

hen Robert Hanson, the 30-year-old son of Lord Hanson, chair-man of the eponymous conglomerate, visits Hanson's oper-ating companies in Britain, the managers want to give him a tour.
Robert insists, however: "There are no royal visits." Nearly seven years with NM Rothschild, the City merchant bank, and before that, at Oxford and Eton, the young Hanson is now an associate director of Hanson and one of the members of the head office controller's department. "I'm with the guy who asks them

awkward questions about capital spending," he says. "That brings them down to earth."

The sons of leading businessmen have been making news from Australia to Milan to London. Paternal, and in some cases, maternal, pride is seen to dull some of the sharpest minds on the international business stage and fly in the face of evidence which suggests that companies in which families have a significant say over management succession. say over management succession generally fail the test of time.

"Longevity rates for family-con-

trolled companies are lousy," says Professor Alden Lank, of the Lausanne-based International Institute for Management Development.
"What you find is that about twothirds of family companies die after the first generation and that only about 10 to 15 per cent make it through to the third generation. Public companies as a general rule last twice as long as privately-controlled companies."

The failure of the Australian media conglomerate, John Fairfax and Sons, which had a better than average longevity at 150 years, was brought about by the feckless Warwick Fairfax, 27. He pursued an ill-judged debt-based buy-out of the then listed Fairfax after the October 1987 stock market crash, initially egged on by his mother who too late saw the folly of the takeover. The Fairfax debacle came to an

end earlier this month when the Australian courts, at the request of the banks, appointed a receiver. The Italian industrialist Raul Gar-dini surprised some observers when

earlier this month he engineered the appointment of his 21-year-old son Ivan to the executive chairman-ship of Feruzzi Finanziaria, one of Italy's largest quoted companies, with interests in agriculture, chemicals and finance.

Gardini junior's experience is limited to less than two years working in various parts of the Ferruzzi group. In June he was appointed a director of Ferruzzi Agricola Finanziaria (FAF), the group's agro-industrial holding company. And last November, he moved on to the board of Montedison, Italy's biggest private-sector chemicals concern, which is controlled by Ferfin, following its merger with FAF.

While Ivan may well be one of Italy's men of the future he remains

Like father, like son

very much an unknown quantity at present. Even Perruzz's well-oiled public relations machine had diffi-culty cranking out much of substance to complement his meagre curriculum vitae. In a thin list, military service in the Rome and Bolo-gna fire brigades and the vice-chair-manship of the Messaggero basketball team had to feature

prominently as padding.

Such suspicions of an inadequate record cannot be levelled at Rodolfo De Benedetti and Giovanni Alberto Agnelli, the two other young managers with famous names who have shot to prominence in Italy this

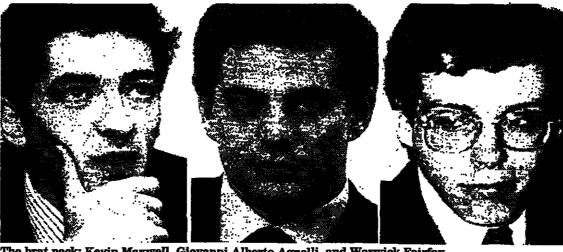
Rodolfo, the 29-year-old eldest son of Carlo De Benedetti, already has a resume which needs little polishing. After a degree in law and political economy from the University of Geneva, he sharpened his financial claws with stints at Lombard Odier, the Geneva private bank, and

investment bank Shearson Lehman Hutton in New York.
Giovanni Alberto, 26, is currently vice-chairman of Piaggio, the industrial group best known for its Vespa scooters, in which his father, Umberto Agnelli, younger bother of Giogni of Flat fame has a stake of Gianni of Flat fame, has a stake of about 9 per cent. After university in the US and military service as a parachutist, Giovanni Alberto joined Piaggio in 1987, where he has risen steadily through management ranks to take charge of planning and development. His latest move will take him to Spain to become

'If I don't do the job properly that's it. It's a meritocracy this company; it is not a family business,' says the young Hanson

executive vice-chairman of Motovespa, the country's biggest scooters manufacturer, which is owned by Piaggio.

Carlo De Benedetti is candid about his own hopes for his first-born in the business. "I wanted to give him the opportunity of showing me and the board whether he can be a successor," he told the Financial Times earlier this year. "As a father I wish it. As a shareholder I will judge frankly, and I think and hope that I will be able to judge both quite objectively." Nothing quite so apparently egregious as Gardini junior's appoint-ment has yet happened in Britain,



The brat pack: Kevin Maxwell, Giovanni Alberto Agnelli, and Warwick Fairfax

examples of sons working for fathers, let alone succeeding them at so tender an age. Says a City analyst: "The problem of children in public companies is small. You occasionally find a spotty-faced kid who's just wrecked his third BMW turning up on his father's board, but it's not a common problem."

Robert Hanson, who is neither spotty nor a wrecker of BMWs, is one of a small band of sons of powerful leaders of British quoted com-panies who have ended up working for their fathers. Others in this select list include Simon Weinstock. an executive director of General Electric Company and son of Lord Weinstock, GEC's long-serving managing director; Kevin and Ian Maxwell, joint managing directors of Maxwell Communication Corporation, of which their father, Robert, is chairman and chief executive; and Nick and Jamie Ritblat, who work for British Land where their

father, John, is chairman. Simon Weinstock, who, by all accounts is a decent man and who has previous experience in the City, affects a profound lack of interest about the subject of fathers and sons. "It's very boring," he exclaims. "Can't you find something else more interesting to write

His father, to the disquiet of many in the City and industry. would like Simon to succeed him. "Of course I would like [him to succeed mel," Lord Weinstock told a Channel 4 interviewer recently, "but only on condition that it ful-filled his life and not that he did something to please me.

Lord Weinstock's paternal pride is understandable but misplaced: GEC is a public, not a private company. He owns less than 1 per cent of GEC, and, though Simon controls a little more than 1 per cent of the company, the decision on Lord Weinstock's successor will certainly be made by others.

The same point about family succession could be made at Hanson where Lord H, as his son refers to him, owns less than 5 per cent of the company, and British Land, where John Ritblat owns less than 1 per cent of the company. At Max-

By Simon Holberton, Haig Simonian, Will Dawkins and David Goodhart

well Communication Corp, the situation is different. Robert Maxwell owns more than 26 per cent of the company, and it is assumed Kevin, who runs the publishing side of the

business, will succeed him. Sir Adrian Cadbury, former chairman of Cadbury Schweppes, sums up the situation of family succes-sion thus: "The family member has to be better than anyone else," he says. "Importantly, other people, such as the non-executive directors, have to judge you as being that much better than the alternative." Sir Adrian's brother succeeded

him as chairman of Cadbury Schweppes, and his son, Matthew, has recently joined the company after a career in management consultancy. Cadbury's needed a Span-

ish-speaking manager to work in Spain to sort out some marketing and distribution problems: Matthew is fluent in Spanish and his consul-tancy background was relevant to the task to be done.
"I'm pleased, but nervous," says

Sir Adrian about his son joining the company. Earlier, when talking of working for a family business, he said: "On the whole one is made to feel welcome and there is a feeling of continuity and preservation of of continuity and preservation of values. But the negatives are that throughout your life your family connection is seen as the reason why you got the job. You have to work very hard and you've got to show you are there on merit."

To this the young Hanson agrees.
"If I don't do the job properly that's it. It's a meritocracy this company."

it. It's a meritocracy this company, it's not a family business. Shareholders come first."

There are some notable examples in Britain of family-founded compamies which continue to flourish. In the 1980s these companies, some of which were founded last century or before, have seen the palm pass from an ancestor of the founders to a non-family member.

In banking, the chairmanship of Barclays has until recently been held by a descendant of the Tuke, Bevan or Seebohm families; today a non-family member, Sir John Quinton, occupies the post. Likewise the retailing giant, Marks and Spencer. Lord Rayner, who succeeded Lord Sieff, was the first outsider to take the belm at MandS.

Pilkington, the glass maker, where Sir Anthony Pilkington is the chairman, is one notable family-run concern with whose performance

fied of late. Having successfully fought off a takeover bid from BTR. the acquisitive conglomerate, in 1986-87, Pilkinton's share price has languished at a level close to BTR's offer. BTR's recent purchases of Pilkington stock has stimulated speculation that another bld for the

glass maker might be in the offing. In France there are two ways to get to the top in business. You either need a brilliant record in public administration, like Jacques Calvet at the head of Peugeot; or you need to be a member of the founding family.

The country's industrial dynas-

ties show a remarkable ability to rejuvenate themselves, in spite of the burden of inheritance taxes. Outside shareholders feel increasingly confident about making their voices heard on the choice of top managers. Yet somehow, the big industrial families seem, if anything, to be strengthening their grip in spite of the generation change which is now affecting them all. Celebrated names like Dassault in aircraft manufacturer, Bouygues in

construction, Matra in electronics, Hachette in publishing. Pernod Ricard in drinks and Moulinex in kitchen equipment have recently been through or are now starting to tackle the problem of succession.

Most of these have managed to keep the crown in the family, or at least put a family member in the throne room. There is one notable exception in the heritage tradition

Paternal, and in some cases, maternal pride is seen to dull some of the sharpest minds on the international business stage

- Jean Mantelet, the 90-year-old creator of Moulinex, who sold his business to the staff last year. Whether keeping the business in the family still makes a good busi-

ness in France is questionable. The two classic examples of French fam-ily capitalism, the Michelin tyre group and Dassault Aviation, are in trouble, though it would be wrong to pin all the blame on their chair-François Michelin, 64, is the

grandson of the group founder, Edouard Michelin. Judging by the way the stock market has treated Michelin's share price, investors are not impressed by his decision to buy the debt-laden Uniroyal Good-rich of the US, turning itself into the world's largest tyre producer, just a few months ahead of the car

industry's downturn.
While Michelin's family gave him a top job as joint head of the busi-ness right at the start of his career, Serge Dassault, 65, had to wait until he was 61. Even then, he faced a ne was 61. Even then, he taced a struggle against the government, which has a majority of Dassault's voting rights and only abstained in the chairmanship vote to avoid worsening Dassault's already delicate situation.

The problems faced by German companies are of an altogether different nature. Most of the large industrial companies built up in the late 19th and early 20th centuries by great German business families have long since handed over the reins to professional managers. But to a surprising extent the heirs of the founding Krupps or Thyssens still own or control significant stakes in the companies and some-times emerge to play a role in man-

agement battles.

The lack of a suitable heir, the need for fresh funds, or the desire to cash in the chips, has led to a spate of sales by well-known family com-panies in the past few years.

The 75-year-old inventor-entrepreneur Max Grundig sold out to Philips in 1983. The Holy brothers who revitalised their family company, the fashion group Hugo Boss, last year sold a majority stake to a private company. vate Japanese company. Most recently, Merck Fink, the private family bank founded in 1870, was sold to Barclays, the UK clearer. because the owner's four children

had no interest in taking over.

It is a similar story among the thousands of medium-sized Mittel-stand companies built up after the war, whose owners have recently been reaching retirement age. Many of these companies have established successful positions in niche engineering sectors but have not sorted out their succession problem.

Peter von Windau, of Deutsche Bank's Mittelstand consultancy business, says that selling such companies out of the family control is a mixed blessing. Losing the fam-ily intimacy can sometimes ruin the business, as with Preussag's acqui-sition of the Minimax fire extinguisher company, but on the other hand it allows the injection of professional management and outside

German companies may, however, have found a way of combining family feeling and public company rigour. Hermann Franz, chief strategist at Siemens, says that Siemens remains a paternalistic family company not because of the influence of the Siemens family but because so many of the elite corps of managers belong to third- or fourth-generation Siemens families and tend to marry into Siemens

LETTERS

When the state is the creditor, where do charities find justice?

From Mrs Elisabeth Hoodless. Sir, Three of your correspondents ("In the season of goodwill, charity makes plea for rethink on tax, Vat", December 27) highlight the growing problems facing charities. A fourth asks: "Where can the creditor find justice?

For a number of charities this is an over-riding problem: the non-payer is the government. The sums involved exceed £10m, the period overdue exceeds 12 months. Charities committed to train-

ing unemployed people are eli-gible for grants from the European Social Fund for 12-month programmes starting each January. For many years the European Commission made decisions in July, leaving charities to bear the risk from January until July, and, if successful, to await payment for a further 12

Following widespread complaints, a new, improved system was promised: for 1990 the programme would be adminis-tered by member states, decisions would precede the month when training had to begin and would last three years -for efficient planning. Pay-ments would begin with training. However, 1990 has been worse than ever before. Appliable until July. Decisions published in November were later than ever. The delays have driven a a number of charities to bankruptcy - at a time when training is needed by more and more unemployed people. Other charities are having to find bank interest charges exceeding £9,000 a

Requests to Whitehall for the interest earned while the money from Europe waits in the Treasury meet with no success. The French government makes interest-free loans. Whitehall says it cannot.

Can anyone suggest how charities trying to train unem-ployed people for jobs might

From Ms Anne Corbett. Sir, You quote Buckingham

Palace ("Taxing issues of mon-archy", December 27) as say-ing: "Taxes are levied in the

Queen's name and therefore it

would not be appropriate for

By the people, for the people

find justice? Elizabeth Hoodless, executive director, CSV, 237 Pentonville Road, NI

From Mr John Magrath.
Sir, In his latest gibe at
Oxfam, Ansel Harris (...But the white paper warning holds", Letters, December 27) puts two and two together and

The facts are these: first, the money Oxfam raises from the public through general fund-raising activities continues to grow; second, so do sales in, and gross income from, Oxfam shops. This is despite the recession, which has slowed the rate of growth for almost all high street retailers.

The net income to Oxfam

from the shops' operation has fallen somewhat, to the same level as in 1987-88 because. while the sales growth rate is in single figures, continued high inflation has increased costs - rent, rates, heating, lighting, maintenance and essential management - by double figures. This has squeezed profits available to Oxfam for use in its charitable work. We are taking prudent

measures to reduce costs. Because we operate a tight ship we were able, in the finan-cial year 1989-90, to increase by 11m the money available for our work abroad. Allocations to the overseas programme went up to £45.6m. Grants made to long-term developmade to long-term develop-

made to long-term develop-ment projects, as opposed to emergency relief, actually increased by £5m.

We see the public standing by Orfam with their usual gen-erosity. It is sad that Mr Harris should seek to berate Oxfam at a time when the people we work with overseas, who are the poorest of the poor, need help perhaps more than ever

John Magrath senior press officer, Oxfam, 274 Banbury Road,

Can we conclude that were

we the kind of modern democracy in which taxes were levied in the people's name, the people would not pay taxes?

Anne Corbett.

39 rue de Sevres,

Housing crisis can best be met by a local authority programme From Mr James Barlow.

Sir. There is no doubt that new solutions to housing provision need to be found ("Housing policy under review", December 24).

Without wishing to deny the choice of home ownership to those desiring it, we have to accept that there is nothing sacrosanct about being a leader in the European owner-occupation league. It is clear from many of our EC and non-EC neighbours that there is no correlation between economic strength and high levels of home ownership.

For many years the debate in Britain has been blinkered by an obsession with boosting levels of owner occupation. Two policy shifts are needed in

First, as your leader points out, the lack of private rented housing and the affordability problem implies a return to social housing provision is needed. It must be said, though, that the privatisation policy which you welcome has done more to eradicate the stock of social rented housing than any other policy. It is the combination of council house sales and limits to local authority spending on new housing that are largely responsible for rising levels of homelessness and the "cardboard cities"

However, solutions such as joint ventures between private developers and housing associ-ations will never provide more than a marginal amount of low cost housing because, firstly, without a substantial subsidy to reduce the cost of development the required rents will be far beyond the pocket of those most in housing need; and secondly, since joint ventures are dependent on the participation of private developers, such schemes will tend to be concentrated in the geographical markets most attractive for developers, missing the areas of greatest housing stress.

While it is important not to repeat the mistakes of the past, we should remember that the traditional council housing system, c.1920-75, was a cheap and efficient way of building and financing large quantities of social housing. We are, of course, unlikely to return to the era of mass council house building. However, a revitalised local authority housebuilding programme would do more to reduce homelessness than any other policy.

The second shift in housing policy is to redirect financial tax relief towards the housing developer, both public and private. Nearly all governments in Europe accept that housing is extremely expensive to build and provide some form of financial support to its producer. This is usually coupled with controls over house prices and land costs. Such an approach has a number of advantages. New production is boosted rather than house prices, which tends to be the case with mortgage interest subsidy.

Furthermore, the housebuilding industry in many countries benefits from a greater level of stability in its profit margins since their housing markets are less prone to the wild speculative booms and slumps characteristic of the UK. James Barlow, research fellow. Centre for

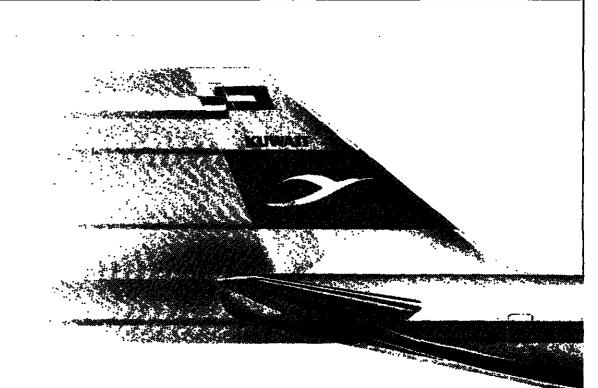
Urban and Regional Research, University of Sussex, Brighton, Sussex

A low-down marketing ploy From Mr Richard J Wuber.

Sir, The marketing man in your article ("Nintendo zaps its Christmas rivals", December 20) on the selling of Nintendo. admits that the purpose of his f2m TV advertising campaign is to create "pester power".
What this means, of course, is bringing about that most irresistible form of pressure on

Christmas or birthday present.
I think he makes a pretty
good case for banning altogether advertising which is
aimed at children below a cer-

tain age. Richard J Wyber, Proton Ck 7 Mornington Close,



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FINANCIAL TIMES

Monday December 31 1990



TOKYO CABINET RESHUFFLE

Kaifu bows to pressure from party leaders

MR Toshiki Kaifu, the Japanese prime minister, has bowed to pressure from the bosses of the ruling Liberal Democratic party and carried out a comprehensive reshufile of his cabinet, changing 17 out

The changes, announced on Saturday, mostly reflect the wishes of the leaders of the LDP's constituent factions, who need frequent reshuffles in order to reward their followers with government posts.

However, the faction leaders agreed with the prime minister that continuity was important if the government was to deal with the serious issues facing Japan – including the Gulf crisis, the deadlock in trade talks at Gatt, and relations with the US and the Soviet Union.

So Mr Kaifu was able to keep in place three key members of his old government - Mr Ryuter; Mr Misoji Sakamoto, chief cabinet secretary; and Mr Taro Nakayama, foreign minister.
The three top party officials also stayed in place, among them Mr Ichiro Ozawa, sec-



Toshiki Kaifu: excluded scandal-tainted politicians

a challenge from the leaders of isters tainted by the Recruit Mr Nakayama's faction, who wanted him moved to give another faction member a top post. In return, Mr Kaifu allowed the faction an extra, more junior, cabinet post. retary-general. Mr Kaifu also succeeded in The prime minister resisted keeping out of his cabinet min-

financial scandal. Scandal-affected politicians have been since Mr Kaifu was appointed for his clean image in the wake of the Recruit affair. Some party bosses wanted the ban relaxed, but Mr Kaifu's hand

was strengthened by the emernew scandal involving Mr Toshiyaki Inamura, a former minister, who has been charged with tax fraud. Among Mr Kaifu's new appointments, the most signifi-

cant for foreign countries are those of Mr Elichi Nakao, international trade and indus-try minister, and Mr Motoji Kondo, agriculture minister. Mr Nakao is a former director general of the Economic Plan-ning Agency. He speaks English, and has experience of international negotiations and extensive contacts in Washing-

He is known as a tough poli-tician who speaks his mind. Mr Kondo is also a frequent visitor to Washington. He represents a rice-growing area and has spent much time on LDP agri-

cultural committees.

Mr Kaifu took the opportunity to remove Mr Seiroku Kajiyama, justice minister, who prompted outrage in the US this year when he said blacks and prostitutes tended to spoil a neighbourhood. The new justice minister is 66-year-

The only woman in the cabinet is Mrs Akiko Santo, a television presenter, who becomes science and technology minis-ter. Three years ago she had to quit a senior party post after missing a crucial parliamen-tary debate to make a programme on a golf course. The cabinet on Saturday adopted a draft budget of Y70,350bn (\$528bn) for the year starting in April, an increase of

6.2 per cent.
Ministers agreed to lift overseas development aid by 8 per cent, overriding a demand from the Ministry of Finance that the increase be limited to 5.8 per cent. The government believes ODA is one of the main ways Japan can contrib-ute to the international com-

munity.

Defence spending is also being increased by more than the Finance Ministry wished — by 5.4 per cent instead of 5.1 per cent. This will enable Japan to continue building an advanced weapons arsenal. In line with a commitment to In line with a commitment to Washington to increase public investment, public works spending is rising 6 per cent. New trade minister, Page 3

Brazil's new price curbs condemned by business

By Christina Lamb in Rio de Janeiro

THE Brazilian government has bolstered its crusade against multinational companies with new legislation aimed at curbing price increases through threats of prison.

The move has provoked fury in the business community, which claims it is being used as a scapegoat for the failure of government policy. It points out that when Provident Research out that when President Fernando Collor took office in March he pledged to deregu-late the economy and end price controls.

The new law carries penaltles of five years' imprison-ment and hefty fines for "crimes against the economic order". It defines these as exaggerated price rises and formation of cartels to fix

prices.

Penalties can be increased if the courts decide that the abuses affect services essential to life and health.

The measures are aimed par-ticularly at multinationals in the motor and pharmaceutical industries, which the Collor administration blames for its failure to control inflation. Inflation during December was 19.99 per cent, well above the

3 per cent target. The Economy Ministry also issued a decree requiring 764 named companies to present their accounts for government inspection. These include local subsidiaries of Johnson & Johnson, Hoechst, Glaxo, Merck Sharp, Abbott, Coca Cola, Black & Decker, Colgate-Palmolive, Philips, Firestone, Goodyear and all foreign motor companies operating in Brazil.

comes a week after the government denounced Autolatina, holding company for Ford and Volkswagen in Brazil, and 20 pharmaceutical companies for "abusive price increases".

Mr Edson Musa, president of Rhodia, the Brazilian subsidiates of Phone Pollege.

iary of Rhone Poulenc, denounced the move as "economic terrorism

According to the Economy Ministry, price increases by pharmaceutical companies are directly responsible for 2.3 percentage points of Decem-ber's inflation. Prices of most medicines were freed from control in September. Mr João Maia, national economy secretary, says: "The pharmaceuti-cal industry has abused its conomic power."

He said that since prices

were liberated the smallest readjustment has been 508 per cent and the largest 1,221 per cent, while inflation during the period was 97 per cent. In response to the govern-ment's attack, the Association of Pharmaceutical Industries announced a price freeze for all items freed by the govern-

prices reduced. Mr Maia said: "It is ridiculous that the indus-

hangover If 1969 was a year to treasure in terms of equity investment returns, 1990 will be remem-bered as the year best forgot-ten. After the dramatic perfor-FT-A World Index

mance of the world's stock markets in the 1980s, no one expected much from the open-ing year of the new decade. But all the same, few investment managers imagined that they should have left their cash in the bank.

The markets began on a high note, buoyed by the promise of the unification of Germany and the collapse of the Soviet empire. Talk was of spending the peace dividend and of the profits to be made from rebuilding eastern Europe. Global bond markets fell Global bond markets fell sharply in the opening months, driven partly by inflationary fears. Recession and deflation were hardly on the agenda. By the year end the opposite was the case. Increasing fears that a weak global banking system is precipitating a deflationary credit crunch culminated in Citicorp, the US market leader, doing the ket leader, doing the unthinkable and cutting its dividend. The world's bankers have gone into a huddle, deciding on a whim the fate of famous customers ranging from Pan Am to News Corpora-tion. Property prices are falling and the great art market bub-ble has finally burst. Little wonder that M & G's 37-year old investment supremo

Invasion

fun making movies.

Meanwhile, the encouraging political developments of only 12 months ago, which fuelled the equity markets' initial surge to new peaks, have van-ished. Iraq's invasion of Kuwait and the disintegration of the Soviet Union have injected considerable political uncertainty into the financial markets. The third oil shock has not yet been anywhere near as damaging as previous ones. But the potential impor-tance of this year's political upsets to the financial system should not be understated.

decided that life might be more

Not since the Korean war has there been a similar period when the markets have had to adjust to the sudden possibility of a major war rather than the continuation of peace and pros-perity. The Vietnam build-up was a much slower affair. Domestically, the UK equity market is having to adjust to equally momentous changes. Life without Mrs Thatcher may be hard to digest for a City which has grown rich on the privatisation gravy train. But survival inside the ERM is likely to turn out to be even

engineer, filed for Chapter 11 in February, to be followed by the demise of Campeau in North America and then British & Commonwealth in the UK. One by one the heavily indebted shooting stars of the equity markets on both sides of the Atlantic have been falling to the ground. Once there was a £2bn FT-SE stock called Polly a £2bn FT-SE stock called Polly Peck. Today, its shares are probably worthless. Strip away the fancy accounting techniques and the problem is all too simple. They had borrowed too much money to buy assets which are no longer worth what they paid for them. It only needs a bear market to expose the fatal mistake.

The year of the

Against this background only the Mexican, Hong Kong and South African markets

value. The FT-A world index

fell by 19.2 per cent in dollar terms compared with a 15.1 per

cent gain in 1989. In local cur-rency terms the 24 per cent fall was even worse and compared

with a similar percentage jump the year before.

For sterling-based investors, who enjoyed annualised returns of 25 per cent plus during the 1980s by investing overseas, the picture was even worse. Despite current worries about the pound's health, it has recouped more than half last year's 11.7 per cent trade

last year's 11.7 per cent trade weighted decline. As a result, the world index in sterling

terms fell by 30 per cent. However, even those investors who stayed at home would

have been much better off out of the market. The UK equity market fell for the first time in

14 years. While the 13.8 per cent decline in the FT-A Allshare index does not com-

pare with the 1973-74 bear mar-

ket, it was the fourth worst performance in the last 30

years. In the US, the Dow Jones industrial average fell by

less than 5 per cent, but no one

was in any doubt that the eight year old bull market was well

It was the year when cash was king in all ways. The collapse of the UAL buy-out in October 1989 marked the end of

the great debt binge of the 1980s. And 1990 began to see its

fall out. Takeover activity shrank back to very modest

levels. Drexel Burnham, Wall

Street's best known financial

and truly over.

expose the fatal mistake. Inflation and South African markets managed gains in 1990. The bears were in charge for most of the year. The near 60 per cent drop in the supercharged Taiwanese market came as no surprise. But even the biggest critics of Japan's asset-based inflation did not expect the Nikkei nearly to halve in value. The ETA world index

On the economic front the two notable features of 1990 were that the German and Japanese economies have performed much more strongly than expected given the sharp tightening in their domestic monetary policies. On the other hand, the long forecast slowdown in the US and UK economies finally emerged.
Meanwhile, the inflationary
fears which so spooked the
bond markets at the start of the year have failed to emerge as a widespread threat. Oil prices may be a third higher now than at the start of the year, but oil is the exception and commodity prices have been falling. The price of gold declined for the third year in a

Aside from the macroeco-nomic and political upsets, UK investors found that some of their reliable investment themes did not hold good. Given the sorry performance of US small stocks over a very long period now, the continued substantial underperformance of UK smaller companies in 1990 was perhaps not such a shock. However, the dramatic underperformance of the supposedly recession-resistant service sector caught many fund managers by surprise. Contimanagers by surprise. Conti-nental European stocks also failed to deliver the sort of returns being dreamt of just twelve months ago. Most Con-tinental markets did far worse than the US or the UK.

Indeed, it is a cautionary reminder that the German and Italian stock markets are lower now than they were four years ago, while the Swiss market is only 7 per cent higher. By contrast, the US, UK and Japanese equity markets are around a els desnite this year's performance. It will be a long time before there is another party like the 1980s.

Bundesbank holds firm on strong D-Mark

By Andrew Fisher in Frankfurt and David Marsh in Bonn

TOP OFFICIALS of Germany's Bundeshank yesterday stressed the need to keep the D-Mark strong, if necessary by lifting interest rates, as political wrangling continued over ways of financing the high cost of unity for the country.

The German central bank has already made clear it will put up rates further if the government's indebtedness rises too far. A majority of the Bundesbank's policymaking central council is believed to support an increase in rates.

However, a decision is unlikely at this Thursday's council meeting. Although the bank has warned about poten-tial inflation in view of high wage claims, consumer prices rose at a rate of only 2.7 per cent in December.

While the Bundesbank is concerned about high public sector borrowing, expected to be at least DM140bn (\$93bn) in 1991, the Bundesbank is expec-ted to wait and see how the government implements promised cuts in expenditure to finance unity costs without putting too much strain on the capital market.

The European Monetary System's exchange rate mechanism will operate longer each day from the new year, reflecting the London foreign exchange market's importance for the running of the ERM, writes Peter

The Bank of England announced that the hours of operation of the ERM will be extended by one hour in the afternoon from Wednesday. The change to the EMS's

operating procedures reflects the large volume of trade in sterling and other Community currencies that takes place in London. After ster-ling joined the ERM in October, it rapidly became clear that the old intervention

Mr Otto Lambsdorff, chairman of the Free Democratic party (FDP), upset his coalition partners at the weekend by saying petrol taxes could not be ruled out if a levy on motorway users could not be introduced. He was attacked by Mr Edmund Stoiber, deputy chair-man of the Christian Social

hours were inappropriate. While foreign exchange markets in many continental centres effectively close around lunchtime, Loudon was actively trading ERM currencies long after the Community central banks had ceased to operate in the market at 3 pm London time.

The central banks of ERM member countries will be prepared in future to intervene in each others' curren-cies between 9am and 5pm Brussels time instead of until 4 pm as at present. The change means that the EC monetary authorities will be prepared to defend the ERM fluctuation margins during London trading between 8am and 4pm each day.

Union, for reversing his earlier opposition to tax rises. Since a motorway levy would cause problems with the EC, it is unlikely to be brought in anyway. Chancellor Helmut Kohl has ruled out direct tax increases to meet unification costs, although his political opponents have said these are

inevitable. Yesterday, he said the high level of public sector borrowing reflected "an excep-tional historical situation" and could not be accepted over a longer period.

Mr Helmut Schlesinger, dep-

uty president of the Bundesbank, yesterday repeated his opposition to tax increases. In a radio interview, he said they would place an extra burden on the economy. However, if confidence in the D-Mark suf-fered through over-reliance by the state on new debt, higher interest rates might be needed to enhance the attractiveness of the German capital market.

The last rise in official interest rates was in November when the Bundesbank raised the Lombard emergency fund-ing rate from 8 to 8.5 per cent, but left the discount rate at 6 Mr Karl Otto Pöhl, Bundes

bank president, said at the weekend that a stable D-Mark might be even more important in 1991 than in the past noting that monetary policy could no compensate for mistaken fiscal policies and wage settlements.

Major slips behind Labour in opinion polls

Nissan UK to meet legal

advisers over concession

BRITAIN'S opposition Labour party yesterday launched a fresh offensive on the Conservative government's economic policy amid signs that Mr John Major's "honeymoon" period as prime minister may be over.

A new opinion poll showed Labour's support moving 4 per-centage points ahead of the Tories - the first time the party has taken the lead since Mr Major succeeded Mrs Margaret Thatcher as Conservative leader in November.

The apparent turnabout in public opinion has fuelled the Labour leadership's determination to pin blame for the worsening economic outlook on Mr Major's tenure as chancellor of

Moscow creates

day that the government no longer controlled more than 60

per cent of prices in the Soviet

economy, resulting in accelerating inflation. It was therefore

essential to finance support for fixed-income groups such as

as well as students and pen-

Independent estimates sug-gest that Soviet inflation is

running at more than 80 per cent a year, and much higher

tions that there should be a wage ceiling (as proposed by

the recent International Mone-tary Fund report) or a wage

freeze, and also ruled out con-

fiscatory monetary reform to

reduce the large monetary

overhang. He revealed that wages and

salaries grew by Rbs31bn in the first nine months of 1990, while gross national product

actually declined by Rbs13bn.

Finance for the pay rises came

Mr Paylov rejected sugges-

in the informal economy.

5% sales tax

Continued from Page 1

the exchequer and on his successor, Mr Norman Lamont. In a new year statement, Mr John Smith, the shadow chancellor, called for the reduction of "cripplingly high" interest rates and more public invest-

"It was just over a year ago that John Major, as chancellor, told us there would not be a recession at all," he said.

ment in education and infra-

were totally involved in poli-cies devised under Mrs Thatcher. They remain as com-mitted to them as she was." For the Tories, the Mori poll figures, published in the Sun-day Times, come on top of

MR Octav Botnar, chairman

and managing director of Nissan UK, is to meet the com-pany's lawyers in the next few

days, to decide his response to

last week's move by Nissan

Motor of Japan to end his com-

pany's concession as the sole

would return shortly to the UK

from his Christmas holiday in

celebrated its 21st year as the Nissan importer/distributor in

the UK, was taken by surprise last week by the announce-

ment by the Japanese car maker that it intended to end

its agreement with effect from

that Nissan UK had failed to meet the provisions of the legal

Nissan Motor said it believed

Nissan vehicles in the UK.

continental Europe.

the end of 1991.

growing concern over the length and depth of the recession and apparent agonising over the shape of poll tax

The poll result - giving Labour 45 per cent, the Conservatives 41 per cent and the Liberal Democrats 9 per cent will dampen speculation that the government might opt for an early general election to capitalise on Mr Major's popu-

But while Labour overall leads the Conservatives in the poll, Mr Neil Kinnock, the Labour leader, continues to trail Mr Major on his perceived ability to tackle key issues. Thirty-seven per cent of electors say they are "satisfied" with both men's performances, but only 22 per cent say they are "dissatisfied" with Mr Major against 51 per cent for

 One in every four company rectors would prefer to see a local income tax replace the poll tax, according to survey of members of the Institute of Directors. The survey found that the next most popular alternative, supported by 15 per cant, was a local sales tax. One in every 10 would favour a return to the old domestic rating system. Members also sup-ported transferring the cost of

The interventionist move to central government.

renew talks

By Kevin Done, Motor Industry Correspondent, in London

against Iraq. Democratic majority leader

Mr Lee Hamilton, a senior House Democrat, said the administration should stick to its sanctions strategy and not

Mr Bush, who has expressed concern that Iraq could mis-read congressional opinion and desire for debate as a sign of American weakness, is set to meet Democrat and Republican leaders on Thursday.

Yesterday President Saddam Hussein of Iraq underlined his deliance of the UN deadline with a scathing personal attack on Mr Bush and King Fahd of Saudi Arabia, describing them both as religious traitors.

Bush urged to

Continued from Page 1 for what promises to be a tumultuous debate on whether to authorise military action

Mr Richard Gephardt, House warned at the weekend that Democrats could try to cut off funds for Operation Desert Shield if Mr Bush launched an attack without proper authorisation by Congress.

try is proposing freezing prices after its violent read-justments of recent weeks."

A stroke can lea paralysed dow side of your bo

A stroke is like an explosion inside your head.

Without warning, in a flash of blinding pain your brain may be 'blown apart'.

When, or if, you wake up, you may be paralysed down one side of your body.

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panies and claimed that the basis of trust essential to a largely from printing banktrading relationship is no lon-WORLDWIDE WEATHER



Botnar: fighting moves

ger present between the two

The privately owned Nissan UK, which operates Nissan's largest European distribution franchise, said it "strenuously"

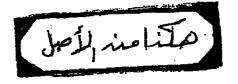
denied the Japanese car ma

er's allegations and that it

regarded last week's termina-

tion notice as being "totally

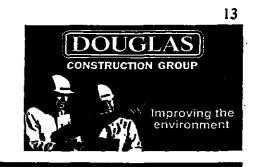
Analysis, Page 10





FINANCIAL TIMES COMPANIES & MARKETS

Monday December 31 1990



INSIDE

Keeping sales afloat on foreign waters



Among the dwindling ranks of UK warship yards, Vosper Thornycroft - the smallest by the size of its workforce - is the only one that exports ships. The group does half or more of its business with foreign navies, from the tranian to the Brazilian. Chairman Peter Usher (left) hopes this could prove a crucial asset in the battle for survival. But it can also be a precarious business. David White reports. Page 14

Eagle eye on Swiss changes

Swiss bankers are watching each other like hawks as they prepare for the abolition from tomorrow of fixed brokerage comissions on the stock market. Several bankers are ready to change policies, should competitors start a price-cutting campaign. However, the mood appears to be against a price war as banks cope with an average fall of some 15 per cent in 1990 net earnings. William Dullforce reports.

Falling out of favour



· · · · ·

64-

Japanese houses saw their grip in the Eurobond market loosen in 1990 amid a sharp decline in the equity warrants (logo left) maintained its top slot in the

annual underwriting rankings, but Yamaichi slid to 10th place. Climbers were Credit Suisse First Boston and Deutsche Bank, which jumped to second and third place respectively, increasing their market share at the same time. Tracy Corrigan reports. Page 16

Death knell for Third Market

Today sees the demise of the Third Market, launched almost four years ago to provide equity finance for young and growing companies. The market has been suffering from neglect since its birth, failing to attract the interest of either companies or investors. "If a company is fit to be floated, it is fit to go to the USM or a full listing," said one broker of the market's failure. Andrew Jack reports. Page 14

Market Statistics

Base lending rates FT-A indices Financial futures

24 London share service 18-19 London tradit options Managed fund service Money markets World commodity prices

Companies in this section

Ansbacher (Henry) BCE Devel Campeau E Ladbrooke Financial Sec. Assc. Golden Vale

Guinness Mahon Levitt Group MCA Matsushita Electric Texaco Canada Petr. Tokio Marine & Fire

O THE FINANCIAL TIMES LIMITED 1990

bit of a gambler, has learned a very severe lesson.

Debts of about \$8.3bn have brought News Corporation, one of the world's largest multi-media empires, to the brink. If the refinancing nackage haing put

Bankers in the lending syndi-cate have been warned that that in the US failure to complete the include the 20th Century Fox

HE PAST 12 months are

likely to go down as the year of the incredible

shrinking bank.
After one of the worst bouts of

loan losses in recent memory, the value of virtually all the world's leading banks has plummeted. The worst hit US banks have

seen their shares fall by as much as two-thirds. The giant Japanese

banks have fared only slightly

better: their shares are down by

UK and Australian banks, all

grappling with severe domestic economic problems, are also down. Even banks in continental

Europe, where conditions are

more robust, have seen shares

The only consolation for the

better-run banks is that some have fallen less than others. In the UK, Barclays is down some 15

per cent from its year high, while Standard Chartered is down almost 60 per cent. In the US, J.P.

Morgan has managed to limit its

fall to only five per cent from the high point, while Citicorp, the

biggest and one of the worst hit, fell more than 50 per cent.

The result has been a re-order-

ing in the rank of banks in terms

40-50 per cent.

films studies and Fox Television. In the UK, News International, publisher of five national news-papers and owner of half of BSkyB, the satellite television venture, faced administration.
"It is evident from the com-

expenditures and the debt reduction [that Murdoch has prom-ised]," said one bank supporting the refinancing.
Rupert Murdoch has made it clear to friends - and no doubt to his bankers - that he will

high levels of debt, self-interest pushed them towards the refinan-cing package.

"There was no second financial package on the table," said one As a going concern, News Corp

As a going concern, News Corp was seen as a strong business with assets of A\$26.1bn (\$20.2bn) on the balance sheet in June 1990. The problem, banks quickly realised, was that A\$13.9bn of those assets were intangibles, such as newspaper titles.

"In a forced sale, asset values would drop considerably to the detriment of the lenders. It is therefore imperative that the

therefore imperative that the group's viability is maintained," executives at one leading conti-nental European bank concluded. Mr Murdoch may have bought

pay a flat front-end fee of one per cent and an interest rate one per cent above that on each of the banks' existing loans being rolled over. In addition, a \$500m bridg-ing loan will have a two per cent interest margin for the first six months and 2.5 per cent a year thereafter.

There will also be a 1.5 per cent facility fee on the total paid when the deal is closed and 0.5 per cent a year for any unused portion of the bridging loan. The overall agreement will also contain several strict financial covenants relating to cashflow/interest cov-

For a man who prefers building ror a man who prefers building to selling businesses, perhaps the most onerous condition of the deal is the disposal programme. Mr Murdoch has undertaken to reduce his debt by \$2bn during the next three years. The News

ily interests control 45 per cent of the group, can decide how that should be done. It can come from increased profit or new equity, as well as disposals. Banks were provided last month by Mr Mur-doch with a verbal list of non-core businesses worth an esti-mated \$2bn which could be sold to meet the terms of the deal to meet the terms of the deal. They include: News Corp's 50 per cent stake in Ansett Trans-port Industries, Australia's larg-est private airline, Daily Racing form of the US, Australian newsprint mill and printing interests deLux Laboratories of the US -

sold recently for more than \$130m - and unspecified other assets worth about \$500m. Even in his present financial difficulties, Mr Murdoch's UK newspapers – such as the Times and his American film and television interests remain sacro-

Icahn set for formal offer on Pan Am

By Patrick Harverson in New York

CARL Icahn, the owner of TransWorld Airlines, is poised this week to make a formal offer for Pan Am after merger negotiations between the two struggling US airlines reached a stalemate on Friday.
Mr Icahn has already made an

informal offer of about \$375m for Pan Am.

TWA is expected to insist on three conditions before rescuing Pan Am: Tom Plaskett, the Pan Am chairman, must resign; Pan Am must not sell its east coast Am must not sell its east coast shuttle operation (NorthWest Airlines is reported to have been lined up as a potential buyer); Pan Am must file for Chapter II bankruptcy protection before any merger is agreed.

any merger is agreed.

Pan Am has already resisted the demand that it file for Chapter 11. It wants a temporary loan from TWA to help it survive during the coming months, but Mr leahn has so far refused to provide bridging finance until Pan Am agrees to go into Chapter 11.

Pan Am will not comment on speculation that it is preparing speculation that it is preparing to sell its east coast shuttle. On Thursday, however, there was a suggestion that the company might be willing to agree to some of TWA's terms after Pan Am said: "Tom Plaskett would not stand in the way of any offer that could benefit Pan Am."

Mr Icahn is thought to want Mr Plaskett's removal because he lacks faith in the Pan Am chairman's management of the company. The TWA owner has conducted most of the recent negotiations with Richard Francis, Pan Am's chief financial offi-cer, whom Mr Icahn would like to see succeed Mr Plaskett as

The breakdown of talks last week stemmed partly from Pan Am's refusal to file for Chapter 11, and partly from annoyance at Mr Icahn's unconventional approach to the merger talks.

Pan Am executives were particularly incensed by a letter the TWA owner distributed to the expressed doubt over whether Pan Am was serious about a merger between the two airlines and criticised the airline's management for selling its London routes to United Airlines too cheaply at \$290m.

The first payment on that sale, \$20m, was made last week but it did little to help Pan Am's finances. The airline is under pressure to pay \$16m to Airbus, the European aircraft manufac-turer, and its cash position is likely to deteriorate further during the lean winter months.

Murdoch empire refuses to crumble

By Raymond Snoddy in London

IT LOOKED last night, as bankers to News Corporation were putting the final touches to a \$7.4bn refinancing deal for the company, that the debt-burdened empire Mr Murdoch has created will stay layed, intended will stay largely intact.
It was equally clear that Mr Murdoch, who has always been a

nancing package being put together by 150 banks were to fall apart, the result would be cata-

package could mean Chapter 11 to protect the company from its creditors. News Corp's US assets

pany's projections that it will not generate adequate internal cash flow during fiscal 1991 [end June] to fund the committed capital

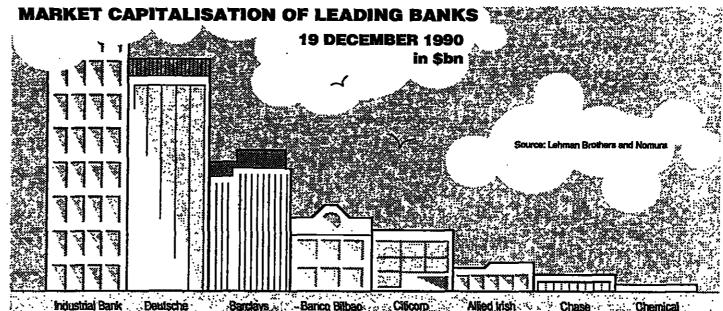
never again take on the level of debt that had his name being added to the list of endangered

Australian entrepreneurs.

In Mr Murdoch's case, many banks felt they had little choice but to support him. Despite growing distaste for companies with

himself time — but the price of refinancing will be high. On \$5.8bn of the debt restruct-uring, Mr Murdoch is having to

Banking's small fry dwarf the giants David Lascelles looks at how sharp falls in share values have reordered the rank of banks



5.5...

tan (\$1.5bn), Manufacturers Hanover (\$1.5bn) and Standard Chartered (\$1.2bn).

58.9

of their stock market capitalisation, which makes for some Sixteen of the largest European strange comparisons.
In particular, the fall of the large US banks has put them in unfamiliar company. Chemical Banking, the 10th largest US bank by asset size, is now valued by Wall Street on a par with the Bank of Ireland, the number two

bank in Ireland, at only \$1.1bn. Conversely, Ireland's largest bank, Allied Irish at \$1.9bn, is now larger than Chase Manhatcapitalisation leaves it worth less

18.7

banks have overtaken Citicorp's market capitalisation of \$4.7bn. If market capitalisation of \$4.70n. If Citicorp was a British bank, it would rank as only the fifth largest clearer (just ahead of the Trustee Savings Bank with \$4bn) and if a German, only the third largest there, ahead of Commerzbank with \$4.3bn.

Another casualty was the troubled Midland Bank, Ita \$2.1bn.

bled Midland Bank. Its \$3.1bn

than half of Lloyds Bank (\$6.8bn) even though Midland has the larger balance sheet. Standard Chartered's \$1.2bn gives it a similar valuation to S.G. Warburg

At the top end of the scale, the large Japanese banks still domi-nate. The world's most valuable bank is Industrial Bank of Japan at \$58.9bn, well over 10 times the value of Citicorp, followed by Fuji (\$52.9bn) and Mitsubishi (\$49.3bn). IBJ's market capitalisation is equal to the sum of Europe's five largest private sector banks: Deutsche Bank, Union Bank of Switzerland, Barclays, Dresdner and NatWest.

In turn, Deutsche Bank is worth the sum of Citicorp, Bank-America and J.P. Morgan, And J.P. Morgan, the most valuable US bank at \$8.2bn, is worth more than Bankers Trust, Chase Manhattan, Manufacturers Hanover and Chemical combined.

The league tables also confirm the now established truth that US regional banks do better than the money centres. Though considerably smaller, Wells Fargo and Banc One of Ohio are worth more than the majority of the New York money centre banks. Any lessons in all of this, or is it just fun with figures? According to Mr Robert Law, a

Manhattan **

\$5,**15** \$25 \$2 1.1

bank analyst at Lehman Brothers who helped compile the numbers, they show that large asset size is meaningless in judging a bank's

Banks with small assets have a large market capitalisation," he says. The fact that once giant US banks are shrinking may, therefore, be a healthy sign.

Economics Notebook

G-7 sing the Sinatra doctrine

IT MAY soon be time to start worrying about the US dollar. During the past 18 months, the greenback has undergone a stately fall from grace, losing almost a quarter of its value against the D-Mark and almost a fifth against sterling.
But with the notable excep-

tion of Mr Pierre Bérégovoy, the French finance minister, there has been hardly a peep of complaint from America's trading partners. How different conditions

were in 1987! Then, similar downwards pressure on the dollar prompted a stream of communiques from the Group of Seven leading industrial countries and central bank intervention that has been estimated at £150bn (\$288bn).

There are plenty of reasons why the main industrial nations have all but abandoned the goal of currency stability for the "Sinatra doctrine," or "doing it my way" on currency Economic priorities have

changed decisively. For the past year, Germany, Japan and in less happy circumstances
Britain have had to give precedence to combatting inflation. In recent months, the main concern of the US has

been first to avoid, and now try to mitigate recession.

The key actors who agreed to stabilise their currencies in to stabilise their currencies in the February 1987 Louvre Accord are no longer on the world monetary stage. One of them. Mr Nigel Lawson, can in part trace the problems that ended with his resignation as chancellor 14 months ago to the pegging of sterling against the D-Mark.

Just before Christmas it seemed likely that the dollar's long slide might be coming to an end. It had recovered from a historic low of less than

It was further supported by

the surprise resignation of Mr Eduard Shevardnadze from the post of Soviet foreign minister and by fears of war in the Gulf. Admittedly, currency experts found it difficult to enthuse about the dollar. After its recovery, its charms were described by Mr Paul Chertkow, chief currency strategist of Citibank in London, as being those of a "a less risky place for investors rather than a safe

however, the dollar was tum-bling again, losing more than 3 prennigs in London on Friday and closing in New York at DM 400 By the end of last week, DM1.498. The markets were extremely

thin and that exaggerated the decline. But the cause of the fall was also significant. The dollar was undermined by US economic fundamentals

- Thursday's news of a sharp 10.5 per cent drop in US durable goods orders in November and Friday's report of a steep 1.2 per cent fall in the US index of leading indicators. More bad

The markets are scenting further cuts in US interest rates, especially since the recent reduction in the US discount rate has been followed by only a limited fall in bank lending rates.

The prospect of the dollar weakening further in response to an easing of US monetary conditions has already alarmed the Organisation for Economic Co-operation and Development, which fears higher US inflation as a result.

A further decline in the dol-

lar could revive tensions in the European Monetary System, by encouraging international funds into the D-Mark. Problems here could be made worse if the Bundesbank then decided to lift its interest

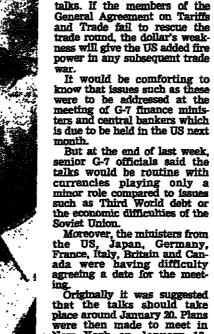
rates to offset the German gov-



ernment's lax budgetary pol-A weaker dollar could fuel existing trade tensions. The dollar's trade-weighted value is dollar's trade-weighted value is now only 61.5 per cent of its 1985 level, making US exporters supercompetitive of savets European producers.

Any further decline in the dollar would pose additional problems for British industry which trades more on dollar.

which trades more on dollar based markets than its Euro-pean Community rivals. The US currency's long



France, Italy, Britain and Can-ada were having difficulty agreeing a date for the meet-Originally it was suggested that the talks should take place around January 20. Plans

then made to meet in York on January 13. These fell through and officials were trying last week to re-arrange the meeting for around the weekend of January 20 again.
But by then, war in the Gulf

context of the stalled Uruguay Round of trade liberalisation

could be at the top of the agenda.

UK Experiments Back in the summer of 1980, the Bask-based Bank for International Settlements stirred controversy in Britain by taking a sideways look at how Mrs Thatcher's first government was rigorously applying mone-

tarist policies. Referring to the govern-ment's decision to cut its budget deficit when output was

falling sharply, the central bankers' bank observed: "It is probably no exaggeration to say that economists and policymakers have for once been offered the possibility of observing an experiment akin to those always available to the natural sciences."

Now that Britain is in recession again, some of the other policies of the Thatcher years are to be put to the test. The sharp slowdown in the

UK is giving ministers, govern-ment officials and economists an opportunity to assess whether the labour market reforms of past 11½ years have made the British economy more flexible on the US pattern with wage increases, in particular, responding rapidly to falling demand and inflation.

The first tentative assess ments are positive. While the 10 per cent annual increase in UK average earnings this autumn was well in excess of wage inflation in Britain's main competitors, it compared favourably with retail price inflation which came close to

The Confederation of British Industry last week indicated that there was a trend to lower pay settlements in manufacturing in the third quarter with the average level dropping to 8.6 per cent from 9 per cent in the second quarter. the second quarter.

The FT's Labour Correspondent reported last week that Rolls-Royce is winning support among its workforce for an initial 1991 pay rise of 5 per cent with a further rise of about 4 per cent after six months.

However, such flexibility, while welcome, will be too lit-tle and too late to prevent a sharp rise in redundancies in the months to come.

Peter Norman

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COMPANIES AND FINANCE

Hardly messing about with plastic boats

David White looks at Vosper's success in staying affoat in a tight market

HE NUMERALS on the bow of the minehunter tied up at Woolston, near Southampton, are large, white and in Arabic script. The vessel, the Al-Jawf, being fitted out by Vosper Thornycroft, is the first in a series for the Saudi navy and a unique sight in British shipbuilding. For among the dwindling ranks of UK warship yards, Vosper - the smallest by the size of its workforce -

Ever since the company's formation through a merger in 1966, it has been accustomed to doing half or more of its business with foreign navies, from the Iranian to the Brazilian.

is the only one that exports

That, in the eyes of Mr Peter Usher, who recently took over as chairman, could prove a crucial asset in the battle for survival. But it can also be a

precarious business.
Prospects for Middle East sales may improve as a result of the Gulf crisis, but in the short term, Mr Usher admits, it has not done Vosper any good. The shipyard was negotiating a patrol boat contract with Kuwait when Iraq invaded on

August 2. More than a year ago, it was set to sell three corvettes in a £200m deal with Brunei, the small sultanate on the coast of Borneo, under a governmentto-government agreement. To be able to cope with the order it pulled out of a UK competi-tion to build the latest batch of

Type 23 frigates. Brunei then re-opened the

IN BRIEF

Investment Company net asset

value was 27.8p per share at November 30 against 30.4p a year earlier. Net loss for the

half year increased from £9,468 to £43,192 for a loss per share

JERSEY ELECTRICITY: Turn-

over for the year ended September 30 1990 was £32.04m

(£30.74m) and pre-tax profit £6.23m (£7.15m). Final dividend

SCOTLAND

ABTRUST

of 0.15p (0.01p).

corvette contract to internanow one of five bidders. The building where it was planning to construct the vessels is for the moment being used for storage. Extra staff had been taken

on for the work. In the past few months, Vosper has shed some 200 jobs, reducing its workforce below the 2,000 mark Although it remains in the black, with a 14 per cent rise to £6.1m in pre-tax profits for the six months to September 30, its yards are working at

about half capacity.

The company was re-privatised through a management buy-out in 1985 after an uncomfortable eight years under state ownership. At the time of nationalisation in 1977, says Mr Usher, it had "orders coming

Today it has between £400mand 2500m-worth of work out-standing - enough for about four years at the current turnover rate. Along with Vosper's mainstay small patrol craft business, the bulk is made up of two key contracts for its new Sandown class of mine-bunters - four more for the Royal Navy, which already has the first of class, and three for Saudi Arabia. The Al-Jawf is due to enter service in August, with the second Saudi ship to be launched in April.

A further three for the Sau-dis are still in question, and the company recently submitted its tender for up to seven more for the UK, in what promises to be a fiercely-fought

By Richard Waters

services concern.

HENRY ANSBACHER, the

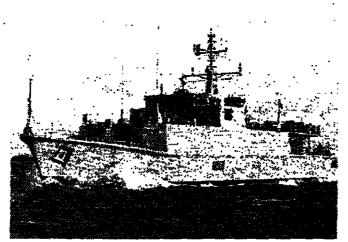
merchant bank, is thought to

have provided against only a proportion of the £4.7m it lent

earlier this year to Mr Roger Levitt, founder of the Levitt

Group, the collapsed financial

Mr Levitt, who faces two charges of theft from clients of



HMS Sandown, the Royal Navy's latest minehunter, is one of five

competition. A decision is expected this summer.
The minehunters are dedicated to the job of pinpointing and destroying sophisticated mines, dispensing with the "sweep" apparatus that tradi-tional minesweepers stream behind them. To reduce their magnetic "signature" to a minimum, they are made mostly of glass-reinforced plastic (GRP), a material pioneered by Vosper in the 1960s when the Navy realised that wooden minesweepers were not strong

enough to withstand the explosive power of modern mines. Vosper believes its particular expertise both in the material itself – which it has developed

Ansbacher may have provided against

Levitt's Highgate home, over

which Ansbacher holds a sec-

ond charge. Mr Richard Fenhalls, chief

executive, refused yesterday to

disclose the amount of the first

charge or who the beneficiary

is. However, he said the house

was worth "significantly more" than the £lm that has been

BUILDING IN THE WORLD

only proportion of £4.7m Levitt loan

forms - and building ships out of it, make it the logical choice to continue the programme.

The Sandowns are computer-designed throughout, with fin-ished "module" sections — constructed upside-down for convenience's sake — inserted into the moulded shell of the hull. The number of man hours required is being steadily whittled down and the proportion expended before the vessel is launched has been increased from 50 per cent to 70 per cent since the series began.

Of the previous Hunt class of minehunters/minesweepers -Gulf - Vosper built 11 out of 13. But all the other UK naval

likely only to break even at the

operating level in the second

half of 1990, after taking account of provisions, com-pared with a £5m pre-tax profit

This £5m turnaround was

due to a number of factors, of

which Levitt was only one. Others included a worsening

trading position, in common

in the first half.

competing for the next Sandown order - GEC's Yarrow subsidiary (which has a GRP facility and built the other two Hunt class vessels), VSEL and Swan Hunter. Both of the last two are known to be bidding with hulls made in foreign

The warship yards are now compelled to bid for whatever they can. There are simply not enough orders in prospect to

VSEL has already already signalled an end to naval work at its Cammell Laird subsidiary in Birkenhead, but four yards are still too many. Vosper Thornycroft cannot afford to rely on keeping its niche in small boats and plastic ships. It did not bid the last time around for the Navy's latest Type 23 frigates, and all the orders to date for this class have been split between Yarrow and Swan Hunter. But when the next Type 23 tender comes up, Vosper will "consider it very carefully", says Mr Martin Jay, managing

It is equally keen to particlpate in a planned new air defence frigate to replace the Navy's Type 42 destroyers.

The company does have other activities. Since the 1960s other activities. Since the 1960s it has built up interests including a fast-growing electronic systems business. In the last decade its non-ship turnover has grown from 10 per cent of the total to 30 per cent. But Mr Jay admits: "A lot of it sits on the back of shipbuilding work."

FT-A Share Indices Changes

The following stocks will be added with effect from January 1: Eastern Electricity, East Midlands Electricity, London Electricity, Manweb, Midlands Electricity, Northern Electric-ity, Norweb, Seeboard, South Wales Electricity, South West-ern Electricity, Yorkshire Elec-tricity (all to Electricity, group

The following stocks will be deleted: Johnston Group, (Building Materials, group 2); Egerton Trust, Walter Lawrence, McCarthy and Stone (Contracting and Construction, group 3); United Scientific Holdings (General Engineering, group 7); Brown and Tawse, CH Industrials, Eleco Holdings (Other Industrial Materials, group 10); JN Nichols (Vimto) (Food Manufacturing, group 25); Chrysalis Group (Leisure, group 29); NMC Group (Packaging and Paper, group 31); Sirdar (Textiles, group 35); Acsis Group, Reed Executive (Agencies group 41); Hawthorn Leslie (Miscellaneous, group 48); Kelt Energy (Oil and Gas, group 51); Estates and General, Ossory Estates, Sheraton Securities International (Property, group 69); Tyndall fioldings (Other Financial, group 70); London American Venture Trust (Investment Trusts, group 71).

The following will be reclassified. Alexander Braudfoot

sified: Alexander Proudfoot, Hogg Robinson, Manpower, Robertson Group to Business Services (41); Southern Electricity to Electricity (45).

Third Market meets its end after a prolonged illness

By Andrew Jack

THE THIRD Market officially dies today after a long illness. The market, launched to provide equity finance for young and growing companies, was simost four years old but falled to attract much interest throughout its life. The remaining companies

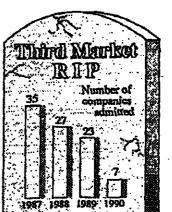
still quoted on the Third Mar-ket will be transferred to unre-gulated matched bargain trading under Rule 535.2 of the International Stock Exchange. A list of these companies should be released later today. However, Mr David MacNa-mara, a director of Winterflood Securities, a market maker which specialises in smaller companies, said: "We will probably continue to [offer prices] in the short term to see if there

is any demand."

The third market never lived up to initial expectations. It failed to attract the interest of either companies or investors. Only 92 companies ever joined, of which 2 had transferred to a

listing and 22 to the USM by last September. At the end of last week, there were about 24 companies still trading. Half have applied to join the USM, while several others have been acquired, suspended or already moved to

535.2 trading.
The Third Market's death sentence was announced by the Stock Exchange last Febru-ary, when it released details of reforms in trading requirements for UK primary and sec-



ondary markets to conform with EC directives. It was launched in January 1987 to provide a source of capital for certain new or "green-field", companies, and those with a one-year trading record. The Stock Exchange did not

regulate the market, but a sponsoring finance house was expected to ensure it met certain obligations.

There will be few mourners

at the funeral. We never did a third market issue," said Mr John Gordon, a director with Beeson Gregory, the brokers. "Our own view is if a company is fit to be floated, it is fit to go to the USM or a full listing.

Mr Geoff Douglas, head of

smaller companies research at Smith New Court, said: "I was never a fan of the Third Market. It didn't really attract pro-fessional and institutional

investors. There was always a concorn over quality of the companies quoted on it, he added "The danger now is that the USM will become the third market by another name, at least in people's perceptions."
But Mr Andrew Priestley,

director of corporate services at Allied Provincial, a securi-ties house based in Leeds which has used the Third Mar-ket for several clients, disagrees. "I think it will be sadly missed." He says the alterna-tive — venture capitalists bation area has now closed down."

Golden Vale expands in UK

Golden Vale, the County Cork-based dairy produce group which came to the main market in July 1990, is to expand its liquid milk activi-ties in the UK with the acquisition of E Ladbrooke (trading as Bridgend Creamery) and a

related company, Collins Dairies, for £3.53m in cash. In the year to March 31 1990 combined turnover of the two businesses was about £7.4m and net profits were 216,000. Book value of net assets being acquired is about \$200,000.

purchase

INTERNATIONAL CROSS BORDER TAKEOVERS							
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT			
Westpac (Australia)	Southland Building & Inv. Society (New Zealand)	Financial services	N/A	Agreed buy-of NZ's biggest building socty.			
Swiss Bank Corp/ O'Connor Partners (US)	SBC/OC Services (joint venture)	Risk management services	NA	Federal Reserve			
Consortium (UK/Germany)	Diamait (Germany)	Chemicals	N/A	Non-core sale by Schering:			
Barclays (UK)	L'Europeenne de Banque (France)	Banking	£153m	Completion confirmed			
IVAX (US)	Harris Pharmaceuticals (UK)	Pharmaceuticals	£39m	IVAX accesses Europe			
Guirmeas (UK)	Bundaberg Distilling (Australia)	Drinks	Estimated	Estimated price			
Guinness (UIC)	Unit of Carlton	Drinks .	F45m	for package			

Goldman Sachs has confirmed its position as the leading adviser in international mergers and acquisitions, writes Brian Bollen. In a survey just completed by FT Mergers & Acqu International, Goldman Sachs tops the International The table illustrates the savege decline in the value of mergers and acquisitions in 1990. Goldman Sachs leads the table with 42 deals totalling US\$19.3bn, compared with 40 deals worth US\$33.7bn a year ago.
US investment banks fill seven of the top 10 places in the table, which covers only complete the table.

deals. Schroder Wagg was the top UK house, in second place with 89 deals worth US\$18.2bn. Morgan Stanley came third, with 50 deals valued at US\$17.7bn.

The much-forecast increase in continental European activity is not yet having enough of an impact to offset the fall in US and UK business. In a year probably best characterised by the demise of the highly leverage transaction and the rediscovery of the importance of strategy, debt resumed its role as an enabler rather than a motivator of deals.

Meanwhile, the market was seasonally subdued last week and new international developments were scarce. The completion of the purchase of L'Europeenne de Banque from Credit Commercial de France confirmed the position of Barclays as the leading UK bank in continental Europe in the approach to 1992 and the Single Market. The acquisition, taken together with the recent purchase of Munich-based private bank Merck Finck, is further evidence of a change in the Barclays strategy, away from branching towards growth by acquisition.

UK drinks group Guinness switched its attention away from Europe where it has been an active buyer recently. Its latest purchases in a mini acquisition spree will make it Australia's largest tributor of spirits.

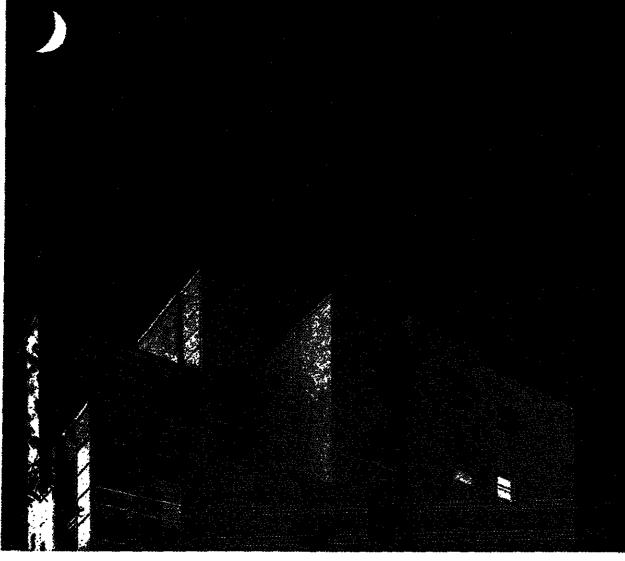
US pharmaceuticals to specialty chemicals concern IVAX is buying Harris Pharmaceuticals of the UK, securing immediate access to European and other other important markets, Another pharmaceuticals compay, Germany's Schering, disposed of its Diamait organic chemicals subsidiary because it did not fit in with its core business.

Source: FT Mergers & Acquisitions International

is 21p making 30p (27p) on ordi-nary capital held by States of Jersey. his company, was made a bankrupt earlier this month. A profits warning from the with other merchant banks, XTRA-VISION: Some 54 per bank shortly before Christmas The bank held shares in the and a series of other provicent of shares have accepted offer from Cambridge, and bid sions. Mr Fenhalls refused to say which of these factors was Levitt Group as security for its suggested it expects to recover a substantial proportion of its loan. These are now worthless, according to the liquidators. Of declared unconditional and money from Mr Levitt. most significant in wiping out greater value, though, is Mr Ansbacher said that it was the bank's second-half profits.

THE QUIETEST

estimated



There's nothing like relaxing in your apart- mits far higher internal noise levels than ing method has already turned building ment after work and listening to someone those required by strict official standards. renovation into a competitive alternative to playing the piano...unless that someone is In practice this means that your neighyour neighbour and that plane is in his "bours' normal noise levels - planes and all apartment!

Haka Corporation has been developing a construction method which in- company that raises the standard of creases the standard of living in a way that makes sense to anyone living in an apart- R&D specialists have produced plenty ment - the High Sound Insulation System. of new solutions. Take the Adaptable

The Westendinportti apartment building is located in a high-quality residential area near the city of Helsinki. A funda-High Sound Insulation System which per- Haka's experience, the Adaptable Build-

- cannot be heard at all!

It's not surprising that the construction apartment living is Haka. At Haka, our Building product, for example - it's one of our latest ideas which is rapidly reformulating the basic thinking in conmental quality of this building is the Haka struction. Under the guiding hand of

new construction in the 1990s.

Haka is Finland's largest full-service construction company. Haka's success is based on high quality expertise in all fields of construction - residential, commercial, public and industrial buildings - and in special fields like civil and marine construction. Haka. Quietly leading the way.

CORPORATION P.O.Box 309, SF-00531 HELSINKI, FINLAND Tel. +358-0-770 51



Floating Rate Notes of

CYDSA, S.A.

Due 1988-1991:

PLEASE TAKE NOTICE, that

CYDSA, S.A., a corporation or gamized and existing under the aws of the United Mexic intends to offer pursuant to an Offer Letter dated December 27, 1990, to redeem the U.S. \$12.500,000.00 Floating pursuant to a First Supplemental Indenture dated as of February 5, 1985 between CYDSA, S.A. and First Interstate Trust Company of as supplemented by a Second Supplemental Indenture dated as of August 30, 1985 and a Third Supplemental Indenture dated as of March 25, 1988. To accept the should be executed and delivered n accordance with the instruc tions in paragraph 3 of the Offer Letter on or before January 4, 1991. Holders may obtain a copy of the Offer Letter from Royal Bank of Canada, London, 71 Queen Victoria Street, London, England ECAV 4DB, Attn: Agency Depart-

ment or First Interstate Trus Company of New York, One

Exchange Plaza, 55 Broadway, 4th Floor, New York, New York This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of treland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to any person to subscribe for or to purchase any of the Ordinary shares.

Application is being made to the Council of The Stock Exchange for the grant of permission to deal in the undermentioned Ordinary shares in Wilton Group Pic in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. It is expected that dealings will commence on Monday, 31st December, 1990.

Wilton Group Plc

Introduction to the Unlisted Securities Market

Sheppards of

311,075,208 Ordinary shares of 1p each

Witton Group Pic is the holding company of a group of companies which are involved in property inve-Full particulars relating to Wilton Group Pic are available and copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 14th January, 1991 from:—

Wilton Group Pic 9 West Helkin Street London \$W1X 8JL

No. 1 London Bridge London SE1 9QU

and during usual business hours, for collection only, on S1st December, 1990 and 2nd January, 1991 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 100 and thereafter from the Companies Fiche Service of The Stock Exchange.

This advertisement is issued by Sheppards, member of The Securities Association.

31st December, 1990

U.S.\$150,000,000 Floating Rate Participation Notes Due 1993 Issued by Prismbond GmbH for the purpose of making a loan to

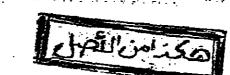


Notice is hereby given that the interest payable on the relevant interest Payment Date, January 31, 1991, for the period July 31, 1990 to January 31, 1991, against Coupon No 11 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$426.22 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$10,655.38. December 31, 1990, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBAN(**







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Gold Notice t U.S. \$30.000.00 Bonds Due

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Minimum in Chapter

Matsushita completes tender offer for MCA

By Our Financial Staff MATSUSHITA Electric Industrial of Japan said at the weekend it has completed its \$6.13bn tender offer for MCA, the US films and leisure group, in what will be the biggest takeover by a fareness

in what will be the biggest takeover by a Japanese company in the US.

Matsushita said in New York that 77.7m shares of MCA had been tendered by its deadline on Saturday, representing 97 per cent of all outstanding shares of MCA.

The Japanese company said it had arranged financing for payment to MCA shareholders starting on Thursday and that MCA would start operating as a wholly owned subsidiary within about two weeks. The completion of the

merger followed actions by two federal judges on Friday, who rejected 11th-hour attempts to block the deal. The cases were viewed as the final

hurdles to the merger. Supreme Court Justice Antonin Scalia denied a request by Go-Video to stop the deal. The maker of video cassette recorders had said the deal violates anti-trust

In Los Angeles, a federal dis-trict judge rejected the motion of a shareholder who complained that Mr Lew Wasser-man, MCA chairman, was given preferential treatment. MCA said the shareholder lawsuit was considered the more serious threat to the takeover. MCA stock closed on Friday at \$69.125, up 62.5 cents.

Guinness Mahon settles claim

By Richard Waters

GUINNESS Mahon, the London merchant bank owned by the Bank of Yokohama, is to pay out £2.2m (\$4.2m) in settlement of a four-year-old legal claim relating to the late Nor-wegian shipping magnate Mr Hilmar Reksten, according to

trustees of his estate. The Guinness Mahon case is just one of a myriad of legal actions started by the trustees to recover Mr Reksten's per-sonal fortune which they claim was moved out of Norway, depriving creditors of

about NKr3bn (\$465m). Guinness Mahon was by the trustees to have played a key role in helping the Reksten family spread the fortune between various companies registered in several countries. The bank had earlier denied any liability and no official could be contacted for comment yesterday.
In a further settlement,

members of Mr Reksten's family have agree to pay NKr80m to the trustees. But, a govern-ment minister warned yesterday this did not mean claims against the family would be dropped. The Norwegian state is among the creditors of the estate of Mr Reksten, who died in 1980. Among other claims outstanding is NKr2.2bn against Hambros Bank, Mr Reksten's financial adviser.

COMPANIES AND FINANCE

BCE Development not to make interest payments

BCE Development, the struggling Toronto-based real estate developer, has asked for further sacrifices from its backers to enable its main subsidiary, Brookfield Development, to complete one of North America's bigment to compare to the same statement of the same s America's biggest commercial construction programmes.

BCED, which is technically bankrupt, said that it will not

pay interest due today on a series of convertible debentures, and is also unlikely to make payments on another issue due at the end of April. At the same time, the company aims to give its shareholders and lenders a greater exposure in an eventual recov. exposure to an eventual recov-

ery in the North American real estate market by taking up five-year warrants to buy a maximum of one-fifth of Brook-field's equity after a rights. issue planned for mid-1991. Under the original terms of a restructuring involving the two companies, BCED's only

assets after the rights issue would have been a small minority stake in Brookfield

minority stake in Brookfield and sizeable tax losses.

Mr Ed Nordholm, BCED's general counsel, said the warrants would give the company's backers an opportunity "to play in the upside of Brookfield". At present, he said, "there isn't enough to make it worth people's while to deal with BCED".

BCED, once known as Daon Development, has had a boom-

Development, has had a boom-and-bust history which has left it with a portfolio of some of the finest buildings in various US and Canadian cities, but also with a huge financial headache. The company wrote down the value of various assets by C\$550m (US\$473m) last year, and suffered a C\$54.7m loss in the first nine

BCED's problems are com-pounded by the slump in the North American real estate

market. Mr Nordholm said the company was having difficulty selling non-core assets quickly, and described credit conditions as "abysmal". "We feel the market is not at the bottom and there are still some tough

times to go," he said.

BCED is being kept affoat by its main shareholder, the Montreal-based telecommunications conglomerate BCE, and by Carena Developments, a real estate holding company controlled by the Broniman brothers of Toronto.

BCE and Carena have provided C\$600m in secured loans, and promised another C\$100m if necessary. But Carena has warned that, even with a recovery in the market, it will

take five to seven years to put Brookfield on an even keel. The company expects to announce the terms of the warrants and details of the Brook-field rights issue before June

Campeau's US stores improve

By Robert Gibbens in Montreal

CAMPEAU's two big US retailing groups, Federated Department Stores and Allied Stores, managed to show a small profit in the four weeks ended December 1. despite recession in many markets. They said that gross margins

Federated posted profit of US\$1.69m against a loss of US\$12.8m for the previous four weeks. Sales were US\$459m

had a profit of US\$2.2m against a loss of US\$10.8m on sales of US\$275m against US\$184m. Both groups operate under. US Chapter 11 bankruptcy protection and have been restructured since early 1990 when the parent, Campeau in Canada.

against US\$362m. Allies Stores

ran into a severe financial cri-Campeau is now struggling to restructure a total US\$13bn of debt, mainly assumed from financing the takeover of both US chains. Federated and Allied said

that while sales overall contin-ued weak in the latest period, margins improved. New strate gies are working in areas least affected by the retail recession and are benefiting overall per-

"This is a positive sign for the future," they said.

TCP set to quintuple gas reserves

By Robert Gibbens

were improving.

AN upstream exploration company excluded from the C\$5.5bn (US\$4.78bn) takeover of Texaco Canada by Imperial Oil (Exxon) in 1989 is making its presence felt in western

Texaco Canada Petroleum, of Calgary, stands to quintuple its natural gas reserves by buying properties in north eastern British Columbia from Imperial for C\$100m. The properties

contain reserves of about 250m cu ft of gas and 5m barrels of

They will be half owned by TCP and US Mission Energy, a subsidiary of Southern California Edison, with TCP as operator. TCP is 78 per cent owned by Texaco of the US and the halone is publicly traded. the balance is publicly traded. The Imperial deal will be financed by loans from the par-ent and by Mission, although

cash.

The Imperial Properties contain wells producing 40m cu ft of gas daily plus modest amounts of gas liquids and crude oil. TCP's target is the Californian market while Mission seeks captive gas for cogeneration plants it is develop-ing in the US. TCP is also buying C6\$m of oil and gas rights on other Imperial properties.

Industry Ministry to divide the

assets of Campsa, including

Campsa was formerly the

state oil marketing monopoly

but is now owned by Spain's

end of July 1991.

TCP has around C\$50m in

COMPANY NEWS IN BRIEF

MNC FINANCIAL, the Baltimore-based banking con-cern which owns Maryland National Bank, is passing the dividends due on its preferred and common stock for the last quarter of 1990, writes Nikki

problems recently, and is engaged in a large sale of assets. Its sizeable credit card business, seen as its "crown jewel," is up for sale. MNC last paid a regular 29 cent-a-share on its ordinary shares on Sep-

■Shareholders in Hong Konglisted Bond Corp International, excluding stake-holder Tomson Pacific, voted at an extraordinary general meeting to acquire a 50 per cent holding in an Italian property develop-ment from BCIL's former parent, Bond Corp Holdings of Australia, Reuter reports.

No price was given but a pre-

Goldstar Co., Ltd.

(the "Company") (a company incorporated with limited liability in the Republic of Korea)

Notice to the holders of the

U.S. \$30,000,000 1% per cent. Convertible:

Bonds Due 2002 of the Company

(the "Bondholders" and the "Bonds" respectively.

constituted by a Trust Deed dated 11th August, 1987 (the "Trust Deed") made between the Company and Banksra Trustee Company Limited (the "Trustee") as trustee for the Bondholders.

the relevant Korean governmental and regulatory consents referred to in the Notice dated 19th December, 1990 published in the Financial Times and the Limenburger Wort (the "Previous Notice") were obtained on 17th and 28th December, 1990; and accordingly, with effect on and from 28th December, 1990, the covenant and modifications referred to in the Previous Notice have become unconditional and affective and the Bonds have become convertible in accordance with the Conditions of the Bonds as modified by the First Supplemental Trust Deed dated 14th December, 1990 referred to in the Previous Notice.

This notice is given for information only and does not constitute any recommen-dation by the Company or the Trustee as to whether any conversion right should or should not be exercised. Bondholders who are in any doubt as to what (if any) action they should take should consult their protessional advisers.

NOTICE IS HEREBY GIVEN to the Bondholders that:

This notice is given by Goldstar Co., Ltd.

Dated 31st December, 1990

RENTALS

KENWOODS

RENTAL

Short and Lone Let's

23 Spring St., London W2 1JA Tel: 671-462 2271 Yelen: 25271

Page (071) 262 3750

vious agreement put the price brand name, Reuter reports. at US\$70h; BCIL owns the other 50 per cent of the development near Rome. This was part of an agreement by oil companies and the

trust authority has approved Tait in New York.
MNC has been beset by loan the De Benedetti group's plans to have two of its indirectly controlled insurance companies separately incorporate three others, AP-DJ reports.

With the authority's clear-ance, the group can now implement, a plan, approved by shareholders last June, that will allow it to consolidate its presence in the insurance sec-tor by having its Ausonia Assi-curazioni incorporate Ausonia Aird and Renana Assicurazioni. Meanwhile, Latina Vita will incorporate Ausonia Vita.

leading oil refiners. The gov-ernment has set a target of end-July 1991 to complete its

■ Repsol, Spain's state-controlled oil group, has agreed to give up 4 per cent of Campsa, the distribution firm, in exchange for the Campsa BANCO DI ROMA US \$200,000,000 Floating rate subordinated loan participation certificates due

ismed by Morgan Gnoranty Gnobil for the purpose of making a subordinated loun to Foreign Branches of Banço & -----

conditions of the Certificates the Late of Interest for the Interest Determination pariod 28th December 1990 to 28th June 1991 has been fixed at 7.93625% laterest occrued for the above period and payable on 28th June 1891 will emount to US\$ 2006.11 per US\$50,000 Certificate and US\$ 20061.08 per US\$\$00,000 Certificate.

Agent: Morgan Guaranty Trust company

JP Morgan

£328 million Due 1995

27th De March, 1991 the Notes will carry interest at the rate of 14.3125 per cent per armun, Interest payable on 27th March, 1991 will amount to £352.91 on each £10,000 Note.

Chartered Westi B Limited Agent Bank



Receivables Securitisation

In accordance with the





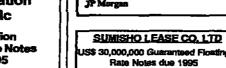
provisions of the Notes, notice is hereby given that for the interest period from 27th Doember, 1990 to



Cardiff Automobile

(UK) plc

Floating Rate Notes



Rate Notes due 1995 In accordance with the provisions of the Notes, notice is hereby given as Interest period: 28th December,

1990 to 28th June, 1991 Interest payment date: 28th June 1991

Interest rate: 8,175% per annum Coupon amount: US\$20,664,60 BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme AGENT BANK



£100,000,000 Perpetual Floating Rate Notes Notice is hereby given that the Rate of Interest has been fixed at 14.6375% and that the interest payable on the relevant Interest Payment Date March 28, 1991 against Coupon No. 4 in respect of £10,000 nominal amount of Notes will be £348.89. December 31, 1990, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

CITICORP

Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 9.2% and that the interest payable on the relevant Interest Payment Date January 31, 1991 against Caupan No. 60 in respect of US\$10,000 nominal of the Notes will be US\$79.22. December 31, 1990, London By: Cifibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO



Italex Limited (Incorporated in the Cayman Islands with limited holdline)

U.S. \$230,000,000

Unsecured Floating Rate Notes due 1989 to 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2 January 1991 to I July 1991 has been established at 7.6875 per cent. per annum. The interest payment date will be I July 1991. Payment, which will amount to US\$9,609.38 per Note, will be made against the eletive coupon.

Agent Bank Morgan Grenfell & Co. Limited



15

31 December 1990

Credit for Exports PLC (Incorporated in England with limited Robility)

U.S. \$155,000,000

Unsecured Floating Rate Notes due 1985 to 1992

In accordance with the provisions of the Notes, notice is bereby given that the rate of interest for the period from 2 January 1991 to 1 July 1991 has been established at 7.6875 per cent, per annum. The interest payment date will be I July 1991. Payment, which will amount to US\$384.38 per Note, will be made against the

relative coupon. Agent Bank Morgan Grenfell & Co. Limited

U.S. \$120,000,000

Subordinated Floating Rate Depositary

Receipts due 2000

issued by Bankers Trustee Company Limited

evidencing entitlement to payments of principal and interest on deposits made on 27th June, 1990 with The London Branch

Banco di Sicilia

(Established in the Republic of Italy as a Public Credit Institution)

For the six month period 27th December, 1990 to 27th June, 1991 the

Receipts will carry an interest rate of 8%% per amount with an interest amount of U.S. \$4,202.43 per U.S. \$100,000 Receipt. The relevant Interest Payment Date will be 27th June, 1991.

Agent Bank

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF

INDIA LIMITED

I.C.I.C.I.

LISS30_000_000.-

Floating Rate Notes -1981/1991

Unconditionally Guaranteed

by the State of India

Bondholders are hereby informed

neteenth period of interest has

The coupon no 19 will be payable

at the price of US\$ 203,80 on June

20th, 1991, representing 182 days of interest, covering the period as

from December 20th, 1990 to June

The Reference Agent and Principal

Paying Agent

CREDIT LYONNAIS

LUXEMBOURG S.A.

that the rate applicable for the

been fixed at 8 1/16 %.

19th, 1991 inclusive

isveimer

US\$100,000,000

Floating rate participation certificates due

issued by Morgan Guaranty GmbH for the purpose of making a

Istituto per lo Sviluppo Economico dell'Italia Meridionale . (a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 31st December, 1990 to 31st January, 1991 has been fixed at 93/16%. December, 1990 to 31st January, 1991 nas been tized at 9718%.
Interest accrued for the above period and payable on
31st January, 1991 will amount to US\$79.11 per US\$10,000
Certificate. Total interest payable value 31st January, 1991 will
amount to US\$428.88 per US\$10,000 Certificate.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

U.S.\$100,000,000 Subordinated floating rate capital notes due September 1997

In accordance with the provisions of the notes, notice is hereby given that for the Interest period 31 December 1990 to 28 March 1991 the notes will carry an Interest Rate of 8 1/1% per annum. interest payable on the relevant interest payment date 28 March 1991 will amount to US\$200.40 per US\$10,000

Agent: Morgan Guaranty Trust Company

JPMorgan

In accordance with the provisions of the notes, notice is hereby given that for the

U\$\$200,000,000

notes due 2000

Wells Fargo & Company

Floating rate subordinated

Interest period 31 December 1990 to 31 January 1991 the notes will carry an Interest Rate of 95/16 per annum. interest payable on the relevant interest payment date 31 January 1991 will amount to US\$80.19 per US\$10,000 note and US\$400.95 per

Agent: Morgan Guaranty Trust Company

NATIONAL & PROVINCIAL BUILDING SUCCESS

£200,000,000

JPMorgan

US\$50,000 note.

ALLIANCE AND LEICESTER

Japanese Yen 10,000,000,000 Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six mooth period 27th December 1990 to but excluding 27th June 1991 the Notes will carry an interest rate of 7.55 per cent. per annum. The Coupon will be Japanese Yen 381,694 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 37th June 1001

will be 27th June 1991. Mitsui Talyo Kobe Trest International Limited

(Agent Bank)

Floating Rate Notes 1996
Notice is hereby given that the rate of interest has been fixed at 14 ½ p.a. and that the interest payable on the relevant interest payable of the relevant interest payable Agent Bank:

Lloyds Bank Pic



Wells Fargo & Company

Floating rate subordinated

provisions of the notes, notice

is hereby given that for the

Interest period 31 December

1990 to 31 January 1991 the

notes will carry an Interest

Rate of 9.225% per annum.

relevant interest payment date 31 January 1991 will amount to US\$79.44 per US\$10,000

Agent: Morgan Guaranty

Trust Company

JPMorgan

interest payable on the

US\$150,000,000

notes due 1992

In accordance with the

Anglia Building Society

£150,000,000 Floating Rate Notes 1996 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 27th December, 1990 to 27th March, 1991 has been fixed at 14.1425 per cent. per annum. Coupon No. 18 will therefore be payable on 27th March, 1991 at £3,487.19 per coupon from Notes of £100,000 nominal and £174.36 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd.

U.S.\$200,000,000 DEN DANSKE BANK

CORPORATION N.V. (Incorporated with limited liability in the Netherlands Antilles) GUARANTEED FLOATING RATE SUBORDINATED

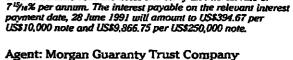
(incorporated with limited liability in Delaware, USA)

CONTINENTAL ILLINOIS OVERSEAS FINANCE

NOTES DUE 1994
Guaranteed on a Subordinated basis by Continental Illinois Corporation

In accordance with the provisions of the Notes and the Reference Agency Agreement between Confinental Illimois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rote of Interest has been fixed at 8.4375% p.a. and that the interest populate on the relevant Interest Payment Date March 28, 1991 against Coupon No. 35 will be U.S.\$203.91 in respect of U.S.\$10,000 nominal amount of the Notes. December 31, 1990, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO



US\$100,000,000

due 2000

JPMorgan

Subordinated floating rate notes

In accordance with the provisions of the notes notice is hereby

given that for the six months interest period from 31 December

1990 to 28 June 1991 the notes will carry an interest rate of

U.S. \$100,000,000

African Development Bank

Subordinated Floating Rate Notes due 1996 in accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from December 31, 1990 to June 28, 1991 the Notes will carry an Interest Rate of 8% per

annum for 179 days. The amount payable per U.S. \$10,000 nominal amount will be U.S. \$397.78.

December 31, 1990

By: The Chase Manhattan Bank, N.A. London, Agent Bank



BANK U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1997 Notice is hereby given that the Rate of Interest has been fixed at 8.375% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period December 31, 1990 to March 28, 1991 will be US \$202.40.

AMERICAN

<u>EXPRESS</u>

December 31, 1990, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

U.S. \$500,000,000 **Subordinated Floating Rate Notes** Due October 25, 2005

CITIBANCO

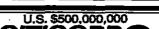
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LEGAL NOTICES

OFFICIAL NOTICE

The loss has been reported to us of London Matel Exchangs Warrant No. 83900 covering 205 Grade A - BLECTROLYTIC COPPER WIREBARS - Fisher Like Weight 29,450 Kgs. stored in Warehouse C. Stainwag ANTWERP. We have been requested to issue a replacement/duplicate of this varrant. Anyone claiming title to these goods is invited to enter protect by means of a Summons against the delivery of said material or the issuing of a substitute warrant.

C SHAW LOVELL AND SOME LTD., PLANTATION HOUSE, 31/5 FENCHLINCH STREET,



CITICORP

U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27,2035

Notice is hereby given that the Rate of Interest has been fixed at 9,225% in respect of the Original Notes and 9,3125% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 31, 1991 against Coupon No. 63 in respect of US\$10,000 nominal of the Notes will be US\$79.44 In respect of the Original Notes and US\$80.19 in respect of the Enhancement Notes.

December 21, 1990 January 1990 (1990) December 31, 1990, London By: Cribank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

Notice is hereby given that the Rate of Interest has been fixed at 9.225% and that the interest payable on the relevant Interest Payment Date January 31, 1991 against Coupon No. 63 in respect of US\$10,000 nominal of the Nates will be US\$79.44. December 31, 1990, London By: Cribank, N.A. (CSSI Dept.), Agent Bank

Pic

and there thanked

فتعيب إ

INTERNATIONAL CAPITAL MARKETS

EUROBOND UNDERWRITING RANKINGS

Japanese houses lose their grip

THE SHARP decline in equity warrants business in 1990 loosened the grip of the Japanese houses in the Eurobond market. Nomura maintained its top slot in the annual underwriting rankings, but the other three leading Japanese securities houses were dis-placed, with Yamaichi sliding the furthest to 10th place, according to Euromoney Bondware. Daiwa was the only other securities house to remain in the top four.

The climbers were Credit Suisse First Boston and Deutsche Bank, which jumped to second and third place respectively, increasing their market share at the same time. Both these firms were active in a range of currentles as were 18 range of currencies, as was J.P. Morgan, which gained fifth

place after Daiwa. The shrinkage of the dollar sector of the Eurobond market in 1990, from around \$120bn to \$70bn, reflects not only the slump in equity-linked business, brought about by the prolonged weakness of the Japa-nese stock market, but also the lack of demand for straight dollar bonds among international investors, due to the weakness of the dollar.

Consequently, those firms with a strong presence in several European currency sectors were among the best placed to maintain or enlarge market share. Union Bank of Switzerland climbed from 15th to 11th place, pipped at the post by Yamaichi for a place in the top ten, and increased market share to 3 per cent from 1.6 per

Some smaller players were also favoured by the growing focus on European markets. Banco di Roma shot into the top twenty at 16th place up

from 36th place. Japanese firms are unlikely to regain dominance of the

US DOLLARS

Tokyu Corp◆

Orix Corp★★◆

Banque UCL**◆ GB Int.**◆

LIV IntFin.BV**

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Tokyu Corp(c)†◆
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Tokyo Tatemono Co.

In'finance Cr.Nat.(g)◆

Kaken Pharm.(b)44 Dynaworld Bk & Tst.(b)4

Gunze Sangyo(a)**§• Kawasaki Elec.(e)***• Oliver Corp(d)***•

JAL Fin∟Europe BV♦

linked volume seems likely to steady at current levels, rather than rebounding to the record 1989 volume which placed the four leading Japanese securities houses in the top four posi-

Few analysts are strongly bullish on the Japanese stock market, and growing concern about credit quality is deterring investors from buying Japanese corporate risk ~ o bank risk (many equity-linked deals are guaranteed by Japa-nese banks). In addition, Japanese firms have become less willing to do unprofitable business in order to achieve market share.

Although Nomura maintained the top slot, the firm's market share dropped from 15 per cent to 9.2 per cent, with more than half of Nomura's still impressive \$16bn volume of new issues made up of equi-ty-linked transactions. Nomura's resilience can be attributed partly to its success in building up a diversified business, while most other Jap-anese firms contented themselves with transactions origi-nated in, and often destined for, the home market. But the trading and placement capac ity Nomura has established in several European currencies has not yet been reflected in lead management positions in

these sectors.
As Eurodollar bond issuance fell, interest shifted to European currency sectors. The ECU Eurobond market continued to thrive, becoming second in size only to the Eurodollar bond market, with \$17.5bn of new issue volume, up from 12.2bn. The ECU market thus overtook the D-Mark sector for the first time, reflecting the increasing political and economic importance of the currency, as well as the develop-ment of a liquid and internationally traded ECU

NEW INTERNATIONAL BOND ISSUES

1996 1994

1997

warrents.

3.5bn 20bn 10bn 3bn 30bn

TOP	EURO	BON	D LI	EAD N	IANA	GER	5	
1990 1989							<u> </u>	
Manager	\$bn	Rank	- %	lasues	Sbn	Renk	%	legue
Nomura	16.12	1	9.22	104	31.89	(1)	15.01	148
CSFB	11.65	2	8.70	48	9.06	(6)	4.26	<i>5</i> 6
Deutsche Bank	10,15	3	5.84	53	9.93	(5)	4.67	62
Daiwa	7.80	4	4.23	59	16.86	(2)	7.94	92
JP Morgan	6.98	5	4.01	30	7.92	· (7)	3.73	39
Salomon Brothers	6.84	6	3.93	14	4,75	(13)	2.23	25
Nikko	6.58	.7	3.68	42	15.29	(4)	7.20	52
Merrili Lynch	6.36	′8	\$.65	35	7.44	(8)	3.50	50
Banque Paribas	5.56	8	3.20	24	6.08	. (10)	2.86	42
Yamaichi	5.39	10	2.97	38	16.33	(3)	7.69	78
UBS	5.23	11	3.01	18	3.42	(15)	1.61	29
Goldman Sachs	4.63	12	2.66	19	3.81	(14)	1.80	29
CCF	4.54	13	261	25	1.95	(24)	0.92	20
ind.Benk of Japan	: 4.45	14	2.50	43	4.85	(12)	2.28	55
S.G. Warburg	3.91	15	2.25	15	2.93	(16)	1.38	16
Banco di Roma	3.79	16	2.18	12	1,19	(36)	0.56	11
Bankers Trust	3.63	17	2.09	40	5.92	(11)	2.79	68
Morgan Stanley	3.34	18	1.92	18	6.61	(9)	9.11	38
Credit Lyonnais	3.29	19	1.89	20	2.87	(17)	1.35	23
Mitsubishl Bank	3.24	20	1.86	36	1.73	(27)	0.81	34
Industry totals	†174.95			1180	212.42			1561

EUROBOND ISSUES BY CURRENCY							
1990 Rank	Ситепсу	Total raised (\$bu)	No, of	1989 Rank	Total raised (Sbn)	No. of	
1	US\$	69.10	346	1	119.05	558	
2	Yen	21.39	269	4	14.54	273	
3	Sterling	20.65	89	2	19.92	109	
4	Ecu	17.47	79	5	12.23	114	
5	D-Mark	15.45	104	3	15.24	125	
6	FFr	9.18	53	8	4.52	46	
7	CS	6.34	55	6	11.05	109	
8	Lira	5.85	34	9	3.67	31	
9	AS ·	5.01	95	7	6.66	118	
10	Guilder	1.35	10	10	1.95	23	

bond market, backed by gov-ernment bond issues. Volume in the D-Mark sector was steady, at just over \$15bn, with investors preoccupied with the German government's efforts to finance the regeneration of eastern Germany through

domestic bond issuance. The French franc sector. attracting widespread international interest for the first time, more than doubled in size to over \$9bn, and catapulted Crédit Commercial de

Offer yield

France, the French bank which dominated the sector, into 13th place, from 24th place in 1989. New Canadian dollar Euro-bonds dropped sharply from just over \$11bn to only \$6.3bn. while the Australian dollar sec tor, somewhat buoyed by the reinvestment of redemption flows, fell to \$5bn from \$6.7bn in what was a bad year in 1989. Both were afflicted by a decline in retail investor interest, and blighted by a lack of

attractive swap opportunities. The Japanese houses which had depended on equity warrants business were not the only casualties. In 1989 Morgan Stanley reasserted its position in the Eurobond market hrough a strong performance in the dollar sector where it pioneered the fixed price reoffer technique, based on US syndication practice, which helped restore some profitability to the market. But in 1990, the firm slipped from 9th place to

18th, and lost market share. Bankers Trust fell to 17th from 11th place, having lost a derivatives team to CSFB at the start of the year, but continued to focus on profitable; structured issues.

Although more smaller players were edged out of the market in 1990, business appears to one, is developing. The gap in new issue volume between top and 20th place was only \$13bn in 1990, compared with \$29bn in 1989, and outside the top three, the range within the top

Tracy Corrigan

Daiwa Europe Daiwa Europe Nikko Secs. IBJ Int. 2001 1999 1996 1994 6.944 6.914 Caripio∳ Manubeni int.Fin.♦ LUXEMBOURG FRANCS

KBL KBL BGL

93.725 101 %

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Swiss Volkshank Bca_D'Gottardo Nomura Bk (Switz

Nomura Int.

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Yamaichi Int.

New Japan Secs.

have been more evenly spread among the leading houses, sup-porting the idea that a US-style "bulge-bracket," albeit a large 20 is down to \$4.5bn.

Tokio Marine takes a 10% stake in US insurer

TOKIO Marine and Fire has entered a long-term consurance has taken a 10 per co-operation agreement with FSA on the marketing of financial guarantee insurance in which specialises in financial guarantees for structured debt transactions, particularly in the asset-backed market, writes Tracy Corrigan. In addition, Tokio Marine

5.167

Japan.
FSA plans to open an office in the Tokio Marine building in Tokyo, to serve the Far

Securitisation, the repackag-

helps such securities to gain neips such securices to gain top credit ratings.

There is no asset-backed market in Japan, but the pres-sure on banks to meet capital

adequacy requirements is pointing towards liberalisation of the Japanese market. "In the not-too-distant ing of assets for sale as debt securities, allows firms to remove assets from their bal-ance sheets. FSA provides the credit enhancement which future, we expect to insure domestic Japanese issues as well as cross-border issues originated in Japan," said Mr Robert Cochran, president of

THE FIRST MEXICO INCOME FUND N.V.

incorporated in The Netherlands Antilles NOTICE OF DIVIDEND

Shareholders are informed of a dividend of US\$ 0.27 per share to holders of record as of December 18, 1990.

The dividend will be payable as from January 15. 1991. Payment of the dividend on the bearer shares will be made against surrender of coupon no. 2 detached from the share certificates, which for this purpose shall be lodged at

Pierson, Heldring & Pierson N.V. Rokin 55, Amsterdam The Netherlands

which acts as Paying Agent on behalf of the undersigned.

December 28, 1990

Pierson Trust (Curação) N.V.

Yorkshire International Finance B.V. £75,000,000 Guaranteed Floating Rate Notes due 1994



Yorkshire Bank PLC

In accordance with the provisions of the Notes, Notice is hereby given that for the three month period December 28, 1990 to March 28, 1991 the Notes will carry an interest rate of 16 January 201 garage of 174.91 per 155,000 Note.

& NatWest Capital Markets Limited

Letter of intent is agreed for Globex

By Barbara Durr in Chicago AFTER seven months of

negotiations, the world's two largest futures exchanges, the Chicago Mercantile Exchange and the Chicago Board of Trade, and Reuters Holdings have agreed a letter of intent for Globez, the automated system, to trade financial futures after hours.

According to the exchanges and Reuters, which are devel-oping the system, the letter of intent resolves all substantive issues for arriving at a 20-year contract on Globex.

However, several issues remain before a final agreement can be reached.

These include such important items as Reuters' fees and some questions about the sys-tem's operational abilities. Negotiations continue among the parties and may not con-clude before the end of the first quarter, when Globex is due to begin tests in Chicago, New York and London.

The final contract will be subject to approval by the parties respective boards and it must also be ratified by the memberships of the exchanges.
Last May, the CBOT aban-

doned the idea of creating its own after-hours electronic trading system and joined with the CME on Globez. A start-up for the system had already been delayed sev-

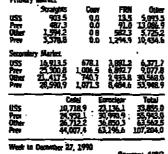
eral times, but negotiation of a

new three-way contract and the integration of the CBOT's financial futures into the system put the launch date back even further. The Chicago Board Options

Exchange and Standard & Poor's reached an out of court settlement on a licensing dis-

S&P, owned by McGraw Hill, had charged that the CBOE had breached their 1983 licensing arrangement for exclusive use of the S&P 100 and 500 indexes for options trading. S&P dropped its November lawsuit and signed a new agreement to extend CBOE's use of the indexes until

> EUROMARKET TURNOVER (\$m)



SWISS BROKERAGE COMMISSIONS

Bankers hope for only a 'little bang'

SWISS BANKERS hope that the abolition of fixed brokerage commissions on their stock markets from tomorrow will result in only a "little bang," avoiding what they regard as the excesses of London's big

bang deregulation. But they are watching each other like hawks and several are ready to change policy, should a major competitor start a price-cutting campa

However, with Swiss banks expected to report an average fall of some 15 per cent in 1990 net earnings and several announcing reductions in per-sonnel for 1991 the mood is against a price war that could further erode incomes from brokerage. Earnings from commissions have already sharply declined this year.

Suggestions that foreign banks could start reducing fees to win market share are discounted. "They have had a tough year, profitzbility is low and they are not in an aggres-sive mood," one banker said.

Some adjustment is inevita-ble after Mr Jean-Pascal Delamuraz, economy minister, following the recommendation of the federal cartel commiss ordered the banks to abandon their long-standing agreement fixing commissions.

Nonetheless, reductions in commissions may be less than dramatic. Fees were already freely negotiable for transac-tions above SFr500,000 (\$390,000) and the price elasticity at the lower end of the market is low.

Most bankers think the main initial effect will be to accelerate the switch from transacAn adjustment in fees should follow after banks were ordered to abandon their agreement fixing commissions, writes William Dullforce

tion-based charges to fixed management fees in the portfolio management business, in which Swiss banks specialise. In turn this will put greater emphasis on performance by investment managers — a trend already observed among

Small banks, whose principal earnings derive from broking on the Zurich exchange, are seen as most exposed to the change. "I shall expect to nego-tiate deals with the broking banks which allow me to trade on a net basis for a given vol-ume of business," one banker without a seat on the exchange

Crédit Suisse, one of the three big banks which dominate securities trading in Switzerland, has prepared both an offensive and a defensive strat-

For the time being it has opted for the latter. This will respond to customers' expecta tions that something will change in the new year but initially Crédit Suisse will only differentiate more between types of clients and simplify its es schedule.

Union Bank of Switzerland will start the year with a basically unchanged commissions structure. Swiss Bank Corporation is introducing only minor changes. Both say they will see how the wind blows in the first couple of months. As one small

FT/AIBD INTERNATIONAL BOND SERVICE

broker said: "With their large

have nothing to gain by taking the lead in lowering fees."

Medium-sized banks specialising in portfolio management are signalling bigger changes. In Zurich Bank Julius Baer is introducing an all-inclusive fee, which will include custodian and coupon collection charges. For brokerage it will charge flat fees of SFr120 on Swiss transactions and SFr180 on foreign and money market

Lombard, Odier in Geneva will move half way towards a management fee structure. Cli-ents will continue to pay brokerage fees, reduced by 25 per cent for transactions made abroad, but these can be credited against a fixed management fee. "We decided that our



Jean-Pascal Delamuraz

agreement," Mr Thierry Louis bard said.

Pictet & Cie is consulting clients before making changes but expects to switch to a management-fee structure many of its larger clients. But apparently not all want this. "They say we might start sleeping on their accounts," Mr

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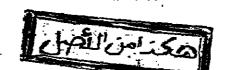
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OPERATOR 10-7027	6,62	-	6,66	7.93	6.64
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The betting goes on for a bright future for bonds

AS a turbulent year for the US ing for the economy.

Yet the Fed had made its credit markets closes the big question is whither bonds? Surprisingly, the outlook is bright. The domestic recession is now a reality. The consensus is that we are already half-way through it and that the economy will begin to pick up rapidly in mid-1991.

The hopes are that the absence of inflationary pressures in the economy will allow the Federal Reserve to keep monetary policy rela-tively loose, and interest rates low. The Gulf crisis remains a worry, but whether there is a peaceful or violent solution the markets expect the short-term issue to be resolved by mid-

Most of the betting is now on a further fall in both short and long bond yields, aided if not by more cuts in interest rates by the Fed at least by cuts in bank lending rates. The major-ity of analysts expect the yield on the 30-year issue to drop below 8 per cent early in the year and touch 7.5 per cent by the summer.

A rosy scenario it may be, but looking back over 1990 the bond market must wonder how it survived with its nerves the start of the year was whether the Fed could squeeze inflation out of the system without sending the economy

into a recession. The expectation was that in the trade-off between higher inflation and higher unemployment the latter would win – in other words the Fed would gradually cut short-term interest rates to ensure a soft land-

pledge to reduce inflation to zero - reminiscent of a similar foolhardy promise from Mrs Thatcher, then UK prime minister, during the mid-1980s.

Not surprisingly, the Fed proved much tougher on infla-tion than many had expected. Interest rates were not brought down by 25 basis points every month - as a number of analysts had predicted - and the inevitable battle ensued between the Fed and the White House, which wanted lower rates to avoid a recession and political unpopularity.

Thus the early months of the year saw bond yields rising steadily as prices slumped. By the end of February the yield on the benchmark 30-year Treasury issue hit 8.5 per cent, point where the market hoped some investors would decide bonds looked attractive and start buying. Bonds did draw some strength from an improvement in the dollar during April, but with the Fed unhappy at a core inflation rate around 45 per cent, and the economy still showing excessive signs of life (in particular, employment was rising faster than expected), it was obvious interest rates were not

coming down in a hurry.
By the end of April bond yields had risen to within spitting distance of 9 per cent after a combination of bad inflation figures and heavy selling of treasuries by Japanese inves-tors during the month pushed prices sharply lower. In May and June bonds rallied after a string of statistics pointing to a

US MONEY MARKET RATES (%)

US BOND PRICES AND YIELDS (%)

icy were high. Those expectations were met in December when the Fed -which had been criticised for its gradualist policy towards rate cuts - moved into a higher gear and lowered the Fed funds rate twice and the discount rate once, from 7 per cent to 6.5 per cent. Bonds duly took heart and the long yield fell to 8.28 per cent by December 29. Thus, a year that had begun with the market fearing recession and hoping for lower interest rates, ended with both the fears and hopes fulfilled.

slowing economy fuelled hopes that the Fed would ease mone-

But the market had to wait until mid-July for the first action from the Fed – and then it was only a 25 basis point cut in the Fed funds rate

to 8 per cent. Then came the Iraqi invasion of Kuwait and yields turned on their heels

The long bond yield pushed through 9 per cent to reach 9.15 per cent in late August, its highest level since April 1989.

The market was worried the

rise in oil prices and political and economic uncertainties

generated by the Gulf crisis would increase inflationary

pressures. This would prevent further easing by the Fed and the US would be faced with an

economy heading into recession with high interest rates.

Within a few weeks, how-ever, yields had dropped below 9 per cent. The initial catalyst

for the improvement was the

budget agreement struck

between the Bush administra-tion and Congress in October,

albeit after several false starts.

Although the new budget was greeted with less than open arms on Wall Street, the bond market felt it would pave the

way for a cut in interest rates.

By Thanksgiving Day in November the bond market

had genuine cause to give thanks. The Fed had allowed

red funds to drop to 7.5 per cent, the yield on the long bond was below 8.5 per cent and heading south, and expec-

tations of easier monetary pol-

Patrick Harverson

UNDERWRITING FEES

Income for investment banks tumbles to \$1.9bn

Yleki

DESPITE the depressed economy and volatile conditions in the financial markets, US companies raised \$311bn through the issue of new underwritten securities in 1990 very slightly ahead of the \$309bn generated in 1989.

But this activity proved con-siderably less profitable for the investment banks handling the business. Underwriting fees, according to IDD Information Services which compiles the figures, totalled only \$1.9bm in 1990, compared with \$3.1bn in the previous year. The average fee per deal slumped from 1.683 per cent to just 1.261 per cent. This partly reflects the change in mix of securities issued. The decline in junk

bond financings and in equity offerings was particularly sharp, and these are the areas where fees have traditionally been highest. Only \$1.3bn worth of underwritten junk bonds were issued in 1990, compared with over \$25bn in

But competition on under-writing fees has been fierce recently, and IDD notes that the average fee as a percentage of the proceeds raised fell for virtually all types of securi-

The financing position for US companies was somewhat better than that of the global market generally. Worldwide, IDD calculates that new issue volume fell by around 8.8 per cent, to just under \$505bn.
But the US market tailed

away sharply in the final three months of the year. During this period, the value of securities issued decreased by almost

a fifth, to \$74.1bn. In the final quarter of 1989, the figure stood at \$92.1bn. None of the statistics includes sums raised via private placements. The leading investment

banks for underwritten offer-ings were Merrill Lynch, which accounted for 17.5 per cent of all issues, followed by Goldman Sachs (13 per cent). They were followed by Salomon Brothers, First Boston which slipped a place from its 1989 ranking – and then Mor-gan Stanley.

The sharpest progress, how-ever, was made by Kidder Peabody, which shot up from 10th to 6th place in the rankings, partly due to its significant activity in the mortgage finan-

Nikki Tait

Recession hits a festive note

BOND markets like recessions. So it was no surprise to find the gilt-edged market in a rather more festive mood than other parts of the UK economy

last week.
Although trading was minimal between Christmas and the new year, the market is hoping for better times ahead with falling inflation and interest rates lifting prices, and the return of the government as a gilts issuer giving a boost to

The flatter yield curve com-pared with the end of 1989 does ss than full justice to the improved sentiment of recent weeks. The increase in long gilt yields compared with 12 months ago can be seen as a lingering reflection of the sharp rise in international bond vields earlier this year as the costs of German unification came home to roost and as Japanese financial outflows declined. The drop in yields at the short end of the market followed the October cut in base rates to 14 per cent from 15 per cent. For the moment, further

base rate cuts are ruled out by sterling's weakness in the exchange rate mechanism. But persistent high UK interest rates can be bullish if they result in more effective disin-flation.

And Britain does appear to be in a disinflationary stage.
For the market, the only domestic indicator of any sig-nificance last week was the Bank of England's announcement that the value of bank notes in circulation rose by 2.7

Restated at par (%) 11.0 Dec 28, 1990

December 24 over the equivalent week a year ago.
According to City analysts
this meant that M0, the narrow
measure of money supply targeted by the Treasury, proba-bly grew by only 2.5 per cent at a seasonally adjusted annual rate this month, compared with November's 3.1 per cent annual growth rate and the annual growth rate and the government's target range of I to 5 per cent annual growth. Over the past six months, the supply of MO, which mainly consists of notes and coin in circulation, has hardly increased, suggesting that the process of disinflation is prog-

tagu's chief UK economist, investing institutions should now be asking how far they expect British inflation to fall The benchmark Treasury
11% per cent 2003/2007 closed
at 1064 last week, yielding 10.8
per cent to redemption. At greatly if a French-style infla

rowing through the market. Mr Nigel Richardson of Warburg Securities thinks the public sector borrowing requirement could be as high as £7bn in 1991-92 compared with War-burg's forecast of a £1bn deficit in the current financial year m the current imancial year and the government's expecta-tions of £3bn surplus in 1990-91. Will not the increased supply of gilts reduce the scope for capital gains? The experts think not. Mr Richardson says that the likelihood of a govern-ment deficit has been discussed so often as to be dis-counted by the market. According to Mr Bootle, institutions now hold so few gilt-edged securities managers should be able to absorb £15bn or even £20bn worth of stock in the next year, provided they are confident inflation will come

Peter Norman

THE WEEK AHEAD

ECONOMICS

Evidence of two-speed economy expected

THE new year should produce further evidence that the industrial world's economy is operating at two speeds, with Germany continuing its strong growth and the big English speaking economies lagging behind.

The most keenly anticipate indicators will come from the US, where last week's news of a 10.5 per cent drop in durable goods orders in November and a sharp 1.2 per cent fall in the commerce department's index of leading indicators provided additional confirmation that the US economy has experienced a sharp fourth-quarter downturn.
The US employment report

for December will be rela on Friday and is expected to show another sharp fall in nonfarm payrolls after declines of 267,000 in November and 178,000 in October. In a recent review of forth-

coming economic data, J. P. Morgan, the US bank, said the American economy should eventually rebound in response to the lagged effects of the eas-ing of monetary conditions by the US Federal Reserve, the recent depreciation of the dol-lar and the resolution at some stage of the Middle East crisis

UK COMPANIES

E TODAY
COMPANY MEETINGS:
Regina Health & Beauty Products,
2A Alexandra Grove, N., 10,00
Tubular Edginton, Floyd Ewin House,
Marshgate Lane, E., 12,00

a WEDNESDAY JANUARY 2
BOARD MEETINGSInterdine:

Jessups, Chartered Accountants Hall, Moorgate Place, E.C., 12.00 M.M.T. Computing, 14 Angel Gate, MLM.T. Computing, 14 Angel Gate, City Road, E.C., 2.00 BOARD MEETINGS-Interface:

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Do. 15pc Ln 1992 7½ pc.
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becher (Henry) 9% Ln. 1998 4½ pc.

Allied-Lyons 113, % Deb. 2009 5% pc. Alinatt London Props. 63, % Mtg. Deb.

1988/93 3 ½ pc. Do. 10 ½ % Mtg. Deb. 1990/95 3 ½ pc. Anglo Scandinavian Inv. Tst. 2.28p

Ansbacher (Henry) 9% Ln. 1986 4½ pc. Antofagasta Spc Prf. 1.75p Arien 11¼ % Ln. 1980 5½ pc. Arien 11¼ % Ln. 1980 5½ pc. Arien 11¼ % Ln. 1980 5½ pc. Arien 9½ % Prf. 2.275p Do. 9½ % Prf. 4.275p Aspec. Leisure 7½ % Ln. 1980/94 3½ pc. Avdel 10½ % Ln. 1980/95 5½ pc. BICC 7½ % Deb. 1980/95 5½ pc. BICC 7½ % Deb. 1980/95 3½ pc. BICC 4.55% Prf. 2.275p Do. 3.5% 2nd Prf. 1.75p Do. 2.8% Prf. 1.4p BSG Ind. 0.7p Do. 7% Mig. Deb. 1983/98 3½ pc. Do. 8½ % 1st Mig. Deb. 1983/98 6½ pc. Do. 19½ % Uns. Ln. 1983/98 6½ pc. Bampton 8½ % Mig. Deb. 1983/98 6½ pc. Bampton 8½ % Mig. Deb. 1983/98 6½ pc. Bampton 8½ % Mig. Deb. 1983/98 6½ pc.

4½pc.
Do. 8¼ % Una. Ln. 2002/07 4½pc.
Sarings 8% Pri. 4p
Do. 5¼ % 1st Pri. 2.875p
Do. 7¼ % 1st Pri. 3.625p
Sarratt Devs. 6½% Una. Ln. 3¼pc.
Bluebird Toys 12% Una. Ln. 2005 8pc.
Borbarde inf. 3.55c.

Bodycote Intl. 3.25p Bowthorpe 7% Ln. 1990/95 3½ pc. Bowyers (Wiltshire) 9½ % Ln. 1990/ 95 4½ pc. Bridon 10½ % Deb. 1991/96 5½ pc.

Do. 3% Deb. 1988/83 4pc.
Do. 7% % Ln. 2002/07 3/2 pc.
Bristol Waterworks 4.9% Ord. 2.45p
Do. 3.5% Ord. 1.75p
Do. 4.9% Ord. 2.45p
Do. 4.9% Ord. 2.45p
Do. 4.9% Perp. Deb. 2pc.
Do. 4½ % Perp. Deb. 2.125p
Do. 3½ % Perp. Deb. 1.75pc.
Britannic Assos. 5% Tax-Free Prf.
2.5o

2.5p
British Polythene Inds. 7½% Cnv.
Prl. 3.75p
British Shoe Corp. 5½% 2nd Prl.
2.0125p
Do. 6½% Prl. 2.275p
British Estate 5% Prl. 0.875p
Do. 9% 1st Mig. Deb. Stk. 9297 4.5pc.
Do. 9.5% 1st Mig. Deb. Stk. 2026
4.75oc

4.75pc. Do. 11.25% 1st Mtg. Deb. Stk. 2023

Do. 10.75% 1st Mtg. Dab. Stk. 2025

During 10-3 % 1st May. Dec. Sp. 4 Sapra. Estates 0, 1p Calvid 7% Crv. Pri. 2009 3.5p Capital & Counties 4.2% Pri. 2.1p Do. 9-3 % 1st Mtg. Deb. Sts. 2027

5.375pc. Burlord 10 % % 1st Mtg. Deb. Stk. 2014

tre Paper 712 % Uns.

Kleinwort Benson Gilt Fund

MITHURSDAY JANUARY 3

Interims:
First National Pinance
Globs Mew
TFRIDAY JANUARY 4

COMPANY MEETINGS:

DIVIDEND &

INTEREST

PAYMENTS

ous five US recessions. "The implication is that substantial further contraction is unavoid-

200

The consensus of analysts' forecasts compiled by MMS International, the financial

bringing lower oil prices. "For

now, though, the recession is at the point at which weakness

is actively feeding on itself," it

per cent contraction in private

sector payrolls over the past three months is less than one third of the cumulative loss of jobs in the mildest of the previ-

The bank noted that the 0.5

Flaming Claverhouse Inv. Tst. 11% Deb. Str. 2008 5½ pd. Fleming O'Seas Inv. Tst. 5% Prf. 1.75p Foreign & Colonial Inv. Tst. 11.25% Deb. Str. 2014 5.625pc.

Hillsdown Hidgs. 20 Hunting 4.2% Prt. 2.19 93 4pc. Intl. Inv. Tst. Co. of Jersey 13%

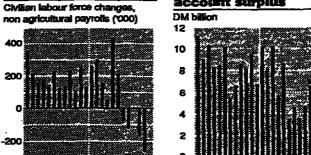
Jones & Stipmen 4.9% Prf. 0.6125p Klarit-Teknik 1.2p Kleinwort O'Seas Inv. Tst. 4% Prf. Klemwur. Sit. 2pc. Sit. 2pc. LWT (Hidgs.) 3.8375p Cnv. Pri.

3¹4 pc. Linton Park 10¹2 % Uns. Ln. Stk. *921* 97 51-pc. London Park Hotels 1912 % 1st Mtg. London Park Hotels 10¹2 % 1st Mtg.
Deb. Stk. 2000/05 5¹4 pc.
London & Edinburgh Tst. 8⁷8 % 1st
Pri. 2013 4.4375p
Lorrino 7¹2 % 1st Mtg. Deb. Stk. 86/
91 3¹4 pc.
M. & G. Glit & Fixed Int. 1.1p
Macallan-Glenlivet 6¹4 % Uns. Ln.
Stk. 2003 3¹4 pc.
Marshalls 7¹4 % Deb. Stk. 86/91 3¹5 pc.
Do. 11¹2 % Deb. Stk. 2014 5¹6 pc.
Merivale Moore 10¹2 % 1st Mtg. Deb.
Stk. 2020 5¹4 pc.
Mid Kent Watter 7% Deb. Stk. 91/93
3¹2 pc.

North Surrey Water 5% Deb. Stk. 21₂pc. Do. 71₂% Deb. Stk. 91/93 31₄ pc. Do. 91₂% Deb. Stk. 94/98 43₄ pc. Northern Eng. Inda. 11% Prf. 6.5p Do. 5.375% Prf. 2.6875p Do. 3% Prf. 1.5p Do. 7% Urss. Ln. Stk. 2000/05 31₂pc. Do. 9% Urss. Ln. Stk. 90/95 41₂pc. PFG Hodgeon Kenyon Intl. 6.75% Cnv. Prf. 91/201 9.375p Palma 3.5% Prf. 1.75p Pearson 8.526% Urs. Ln. Stk. 88/93 4.2625pc.

Pitney-Bowes 8½% Cnv. Uns. Ln. Sit. 79/94 2½ pc. Pittard Garner 9½% Prl. 4.75p Portais Hidgs. 5p Do. 9½% Cnv. Uns. Ln. Sit. 94/2000 4½ pc. Queens Most Houses 12% 1st Mtg. Dos. Stv. 2013 Sp. 20

Ch. 31. 31. 34 pc. Eastbourne Water 11.2% Deb. Stk. 2005/09 5.5pc. Do. 12 ½ % Deb. Stk. 2004 6 4 pc. Do. 10 ½ % Deb. Stk. 85/97 5 4 pc. Do. 7 ½ % Deb. Stk. 95/92 3 4 pc. Encleplastical Insce. Office 10% 2nd Sevoy Hotel 4% 1st Mtg. Perp. Deb. Sik. 2pc. Pri. 5p Electric & General Inv. 10.1% Deb. Sik. 97/2002 5.05pc. Engelhard Corp. 17cts. Do, 84 % Mtg. Deb. Stk. 91/95 41apc. account surplus

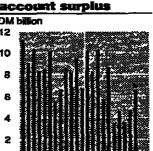


per cent from 5.9 per cent in

November. During the week, the US will also release the national purchasing managers' survey and details of construction spending for December as well as November's factory goods orders and new home activity.

News from Germany is expected to point in the other

German current



research company, points to a 150,000 drop in non-farm payrolls in December and a rise in the unemployment rate to 6.1

sales. These are also expected to point to declining

ders and trade figures should all testify to continued strong activity in the western part of the country. However, Germany has a two-speed economy of its own. This week's production and

direction. The latest industrial

production, manufacturing

order figures will not cover activity in eastern Germany where the economy is expected to continue shrinking in 1991. On Thursday, the Bundesbank council meets. It is thought unlikely that it will tighten credit policy to dampen the economy at this

Most markets will be clos tomorrow for new year's day but markets in Japan will shut today and stay closed for most of the week.

A slow return to nor-mal working is also likely in Britain where Thursday's offi-cial reserves for December will be the only significant rele Events and statistics, with median market forecasts from MMS International in brackets, include: Today: US, December agri-

cultural prices. Tomorrow: new year's day holiday in all industrialised and most developing countries.

National Purchasing Managers survey (40.9 per cent), November construction spending (down 1 per cent), car sales for December 11 to 20.

Thursday: UK, Official reserves for December. US,

November new home sales (down 1.8 per cent). Canada, November industrial product price index (up 0.3 per cent). Germany, Bundesbank central council holds regular fort-

nightly meeting.
Friday: US, December civilian unemployment (6.1 per cent), non-farm payrolls (down 150,000), manufacturing payrolls (down 80,000), December hourly earnings (up 0.2 per cent), November factory goods orders (down 1.8 per cent), facfor week ended December 24, car sales for December 21 to 31. Canada, December 21 to 31. Canada, December 22 to 31. Canada, December 31.

During the week: Germany, November trade balance (DM8bn surplus), current "
account balance (DM6.3bn surplus), industrial production (up -0.5 per cent), orders (up 0.3 per ...

Peter Norman

Hartlepools Water 20p
Hull Corp 3½% Stk. (1st lss.) 1.75pc.
111 43cts.
Iceland Frozen Foods Cnv. Prl. 2,75p
Illingwoth Morris (Saltaire) 4½% 1st
Prl. 1.575p
Do. 5% Prl. 1,825p
Do. 5% Prl. 1,825p
Kensington & Chelsea (Royal
Borough) 11.15% Stk. 2006 5.575pc.
Kershaw (A) 8% A Prl. 2.8p
Lee Valley Water 4% Irrd. Deb. Stk.
2pc.

2pc.
Do. 5% Irrd. Deb. Stk. 2.5pc.
Do. 74 % Deb. Stk. 91/92 3.825pc.
Do. 72 % Deb. Stk. 91/93 3.75pc.
Do. 74 % Deb. Stk. 91/93 3.875pc.
Do. 74 % Deb. Stk. 91/93 3.875pc.
Do. 84 % Deb. Stk. 92/94 4.125pc.
Leeds Corp 21/2 % Stk. 1927 (or after) 1,25pc.
Do. 3% Oeb. Stk. 1927 (or after) 1.5pc.
Do. 5% Irrd. Stk. 2.5pc.
Lilieshall 5% Pri. 1,75p Lincoln Corp. 6% Stk. 1919 (or after

3pc. Liverpool Corp. 23, % Stk. 1925 (or Liverpool Corp. 24 % Std. 1820 (or after) 2.75pc. Do. 3½ % Std. 1.75pc. London County Free & Lease Prop 64 % 1st Mtg. Deb. Std. 88/95 3.125pc. Do. 74 % 1st Mtg. Deb. Std. 92/96 3.875pc, Do. 7 k % 1st Mtg. Deb. Stk. 91/95 Lowland Inv. 11¹4 % Deb. Stk. 2010 5,625pc.

5.625pc. MEPC 10 ¼ % 1st Mtg. Deb. Stk. 2024 5.375pc. Marks & Spencer 7% Prf. 2.45p Marston, Thompson & Evershed 41, % Deb. Stk. 1992 2.125pc. Do. 8% Uns. Ln. Stk. 1933 3pc. Mersey Docks & Harbour 3 % Irrd. Deb. Stk. 1.8125pc. Do. 6 8 % Deb. Stk. 94/97 3.3125pc.

New Brunswick Hallway Perp. 4%
Cons. Deb. Stk. 2pc
New Zealand 714 % Stk. 88/92 3.625pc.
Newcastle-Upon-Tyne Corp 312 %
Irrd. Stk. 1.75pc.
Oldham Corp 4% Deb. Stk. 2pc.
Omnitech 12% Cnv. Uns. Ln. Stk. 2000

Sastchi & Sastchi 6% Cnv. Uns. Ln. Stk. 2015 3pc.
Sara Lee 23.5cts.
Savage 6.5% (Net) Cnv. Prl. 3.25p Sears 7½ % Prl. 2.625p Do. 12½ % Prl. 4.375p Do. 7% A Prl. 2.45p Simons 7½ % Prl. 2.625p Smith (John) (Fleid Head) 5½ % Prl. 1.925p South Australian 3% Cons. Ins. 5tk.

BICC 8p Do. 6% 1st Prl. Stk. 2.1p Do. 5½ % 2nd Prl, Stk. 1.925p

Do. 7% Deb. Str. 89/81 3½pc.
Do. 8% Deb. Str. 91/93 4pc.
Do. 12½% Deb. Str. 94/96 6½pc.
Electrocomponents 1.8p
European Colour 6½% Ptg. Ptf. 6.3p
Fill 7.25p
Fellingtone Doct & Railway 325p. ve Dock & Raliway 325p Fisons 2.85p Gartmore American Securities 0.8p General Accident 9.7p Greyhound Dial Corp. 35cts. Halls Homes & Gardens 1p Hartons 7% Cnv. Prf. 3.5p Hazlewood Foods 7.5% Ptg. Prf. 4.375p Hewelson 7% Cnv. Prf. 3.5p High-Point 4.95p Inchape 4.8p General Accident 9.70

Inchape 4.8p Jarvis 0.825p Johnson Grp. Cleaners 9% Prf. 3.15p Do. 7.5p Cnv. Prf. 3.75p Do. 7.5p Cnv. Prf. 3.75p
Lawrence (Walter) 2p
Locker (Thomas) 0.5p
Do. NV A 0.5p
Lyles (8.) 2.55p
Do. 11% Prf. 5.5p
Manchester Ship Ganal 3½% Perp.
Deb. Stk. 1½ pc.
Do. 4% Perp. Deb. Stk. 2pc.
Do. 4% Perp. 2nd Mtg. Debs. 2pc.
Do. 4% Perp. 1st Mtg. Debs. 2pc.
Do. 1st 3½% Perp. Mtg. Debs. 1½ pc.
Martin (Albert) 1.6p
Merchant Retail 5% Prf. 2.5p
Do. 8½% Cnv. Uns. Ln. Stk. 99/04
4½ pc.

47s pc. Mid Kent Water 12% Deb. Stk. 1993 8pc. Do. 12¼ % Deb. Stk. 1995 6¾ pc. Do. 12¼ % Deb. Stk. 2005 6¾ pc. Do. 9¼ % Deb. Stk. 97/99 4⅓ pc. Mid-Southern Water 2.45% Parp. Pri.

Stk. 1.2250 Mid-Sussex Water 4% Perp. Deb. Mid-Stases water 4% resp. Deb. Stk. 20-2.
Do. 5% Perp. Deb. Stk. 21-2pc.
Do. 11% Deb. Stk. 2012/16 51-2pc.
Morgan Crucible 5.650
Mucklow (A. & J.) 2-9p Next 0.70

Prizard Garmar 0.25p
Portals Hidgs, 6% Pri. 2.1p
Property Sec. Inv. Tst. 6% Pri. 4p***
RTZ Corp. 3.325% A Pri. 1,8625p
Do. 3.5% B Pri. 1,75p
Rictmansworth Water 4% Mtg. Deb.

2pc. Rights & Issues Inv. Tst. 8.5625p Do. 7½ % Prf. 5.275p Silentnight Hidgs, 2.25p Silentnight Hidgs, 2.25p Silentnight Prf. 5.p Do. 6% Prf. 2.1p Do. 6.35% Prf. 91/96 3.175p Do. 5.4% Prf. 91/96 7.175p Do. 5.4% Prf. 91/96 3.175p Oo. 6.35% Prl. 91/96 3.175p
Oo. 5.4% Prl. 2.7p
Oo. 5.4% Prl. 2.7p
Oo. 7.75% Prl. 84/96 2p
Oo. 7.75% Prl. 82/97 45-ppc.
Silnigsby (H.C.) 2p
South Staffordshire Waterworks 2.1%
Prl. Stt. 1.05p
Oo. 2.5% Cons. Prl. Stt. 1.75p
Oo. 2.5% Cons. Prl. Stt. 1.4p
Oo. 81-2% Prl. Stt. 98/2000 4.25p
Oo. 81-2% Deb. Stt. 98/2000 45-ppc.
Oo. 7-2% Deb. Stt. 91/96 3 15-pc.
Oo. 71-2% Deb. Stt. 91/96 3 15-pc.
Oo. 71-2% Deb. Stt. 91/96 3 15-pc.
Oo. 55% Perm. Deb. Stt. 250c.

Do. 7½ % Deb. Sik. 91/94 3¾ pc.
Do. 5% Perm. Deb. Sik. 2.5pc.
Do. 4% Perm. Deb. Sik. 2pc.
Do. 3½ % Perm. Deb. Sik. 1¾ pc.
TR Far East Income Tat. Tp
Telios Hidgs. 9% Prl. 4.5p
Tendring Hundred Waterworks 8¾ %
Prl. Sik. 1996 437.5p
Town Centre Securities 1.5p
Turritt 4.25p
WPP 12.7p
Wembley 7.5% Crv. Uns. Ln. Sik.

WPP 13.7p
Wembley 7.5% Cav. Uns. Ln. Stk. 1999 3.75pc.
West Hampshire Water 4.2% Prl. 21p
Do. 3.85% Prl. 19.25p
Do. 3.15% Prl. 18.75p
Do. 5% Perp. Deb. Stk. 2½pc.
Do. 4% Perp. Deb. Stk. 25pc.
Do. 4% Perp. Deb. Stk. 25pc.
Do. 11.80% Deb. Stk. 25% 7 5.9pc.
Western Motor 5½ Prl. 1.825p
Wrexham & East Denb Water 7½%
Prl. Stk. 89/88 356p

Airflow Streamlines 2p Alida Hidgs. 9.25% Prf. 2008/13 4.625p BAT Inds. 10.7p Brent Chemicals Intl. 9% Prt. 4.5p Brown & Jackson 0.5p Cook (William) 5p Etem 1.2p European Colour 0.25p Elam 1.2p European Colour 0.25p Finiay (James) 2p Fleming High Income Inv. Tst. 1.45 Mid Kent Hidgs. 4.5p Sims Food 2.84p Temple Bar Inv. Tst. 4.2% Prl. Stk. 2.1p me Inv. Tst. 1,45p 2.1p Waste Management Scts.

THURSDAY JANUARY 8

E FRIDAY JANUARY 4 EFRIDAY JANUARY 4
ADT 6.8cts.
Saird (William) 3.55p
Bradford Property Tst. 1.7p
Cakebread, Robey & Co. 0.9p
Do. NV A 0.9p
Cater Allen Hidgs. 6p
Drayton Asia Tst. 0.7p
Dunhill Hidgs. 2.5p
Eleon Middless 2.5p Dunhill Hidge. 2.5p
Eleco Hidge. 3.5p
Fisher (Albert) 1.85p
Fisher (Albert) 1.85p
Five Oaks Invs. 0.4p
Do. 7% 2nd Pri. 4.9p
Geers Gross Ip
Hadleigh Inds. 2.2p
Jessups 4.75p
Joseph (Leopold) Hidgs. 3.1p
Relston Inv. 7st. 0.725p
Rand Mines 88.67570p
Scottlish American Inv. 0.95p
Scottlish American Inv. 0.95p
Time Products 2.85p
Tootal 1.8p
VSEL Consortium 7p
Value & Income Tst. 1.35p
Whitbread Inv. 3.95p

■ SATURDAY JANUARY 5 Annuities 2¹2 % Prf. 1 4 pc. Bankers Inv. Tst. 4% Perp. Deb. Sik. cpc. Consolidated 21₂ % Stk. 11₄ pc. Yule Catto 111₂ % Pri. 98/2003 5.75p

ESUNDAY JANUARY 6
Clayform Hidgs. 11% 1st Mtg. Deb.
Sti. 2016 5½ pc.
Courtautds 5% 1st Prf. 1.75p
Do. 5½% Une. Ln. Sti. 84/96 2½ pc.
Smith (W.H.) 8% Deb. Sti. 87/82 apc.
Do. 7½% Une. Ln. Sti. 88/93 3% pc.
Do. 5½% Une. Ln. Sti. 2½ pc.
Whithread & Co. 7½% Une. Ln. Sti.
89/22000 5% pc. 96/2000 3 % pc. Do. 101₂ % Uns. Ln. 5tk. 2000/05 5 % pc

UK gilts yields

11.0 10.5 10.0 Dec 29, 1989 9.5 10 years 20

ressing well.
Indeed, according to Mr
Roger Bootle, Midland Mon-

such prices, long gilts may not look cheap in international terms so long as inflation is expected to fall to around the 5.5 per cent level forecast by

the government end-1990. But the outlook for prices and capital gains improves tion rate of 3 or 4 per cent is considered. As Mr Bootle points out, wage moderation is the key to ensuring that inflathere are encouraging signs. Falling retail price inflation, declining profits and rising unemployment should conspire to dampen wage increases in the months ahead.

But 1991 is also likely to see

the government resume bor-

125 pc.

Do. 9% % Uns. Ln. Stk. 91/96 4 % pc.
Caster 10.25% Prt. 5.125p
Chartwood Alliance 8% 1st Mtg.
Deb. Stk. 95/98 4 % pc.
Charnos 7% Prt. 2.45p
Chester Waterworks 7 ½ % Deb. Stk.
91/93 3% %
Do. 8% Deb. Stk. 92/94 4pc.
Do. 11% Deb. Stk. 98/2000 5% pc.
Chillingdon Corp. 9% Cnv. Uns. Ln.
Stk. 1999 4.5pc.
Coats Patons 4½ % Uns. Ln. Stk. 2002/
D7 2 % pc. Coats Patons 4-2 % Uns. L.n. cor. Anne D7 2-1 pc.
Do. 7-2 % Uns. L.n. Stk. 90/95 3-3 pc. Comben 7-1 % Uns. L.n. Stk. 92/97 3-3 pc. Continental Bank Corp. 25cts. Continental Pank Corp. 25cts. Continental Pank Corp. 25cts. Continental Bank Corp. 25cts. Contison 7-1 % Pr. 2,45p Craigton Combined Securities 3-1 % 1st Mg. Deb. Stk. 86/91 4-3 pc. Dalgaty 6-1 % Deb. Stk. 86/93 4-1 pc. Debanhams 7-1 % 2nd Deb. Stk. 91/96 3-1 pc. Debanhams 7-1 % 2nd Deb. Stk. 91/96 3-5 pc. Denora 6.25% Crv. Pri. 3.125p Denora 6.25% Crv. Pri. 3.125p Denmark (Kingdom of) 13% Ln. Stc. East Lancashire Payor. Ln. Stk. 87/92 33; pc. Fastbourne Water 11.2% Deb. Stk.

down sharply and stay down.

English Nati. Inv. 9½ % Deb. Stk. 91/ 96 4¾ pc. Estates & Agency 3½ % Pri. 1.75p Do. 11,25% 1st Mtg. Deb. Stk. 2020 5.625pc. Finlay (James) 4.2% 1st Pri. Stk. 2.1p Do. 4.2% 2nd Pri. Stk. 2.1p Do. 5% 2nd Pri. Stk. 2.5p

Deb. Stt. 2014 5.62Spc.
Formum & Mason &p
Do. 7% Prf. Stt. 24Sp
Foseco 43 % Prf. 2 187Sp
Foseter (John) 42 % Prf. Stt. 1.57Sp
Friendly Hoble 5% Crv. Prf. 2.5p
Fulcrum Inv. Tst. 6.6p
Gartmore Value Invs. 0.8p
Gaskelf 5% Prf. 1.75p
Gibbs & Dandy 7% Prf. 2.4Sp
Do. 81₂ % Deb. Stt. 91/96 41₄ pc.
Glynwed Intl. 71₈ % Prf. 2.4Sp
Grampian Hidgs. 7% Prf. 2.45p
Graenall Whitley 5.95% Crv. Prf.
2.87Sp

carap Hall Engineering 5,55% Pri. 2,775p Haistead (James) 5½% Pri. 1,925p Hampson Inds. 8% Uns. Ln. Stk. 88/ Hartiepools Water 8% Deb. Stk. 92/

Harrispools Water 8% Deb. Str. 94 4pc.
Hawker Siddeley 10p
Do. 8½ % Deb. Str. 87/92 4½ pc.
Do. 7½ % Deb. Str. 87/92 3½ pc.
Hawtin 4.55% Prf. 2.275p
Headlam 5.5% Prf. 2.8p
Helene 0.65p
Hewritt (J.) (Fenton) 10% Prf. 5p
Higgs & Hill 7% Prf. 2.45p
Hillsdown Hidgs. 2p

Pri.B.5p Jacob (W. & R.) 61₂ % Pri. 3.0664p Jersey Electricity 6% Gid. Sik. 2000

1.98875/ Ladbroke Hotels 10¹2 % 1st Mtg. Deb. Sik. 94/99 5¹4 pc. Laird 8% Uns. Ln. Sik. 88/93 4pc. Law Land 6¹4 % 1st Mtg. Deb. Sik. 88/94 3¹5 pc. Do. 6¹2 % 1st Mtg. Deb. Sik. 86/91

3½pc.
Do. 8% Deb. Stir. 92/94 4pc.
Do. 5% Parp. Deb. Stir. 2½pc.
Do. 7½ % Deb. Stir. 91/93 3¾ pc.
Do. 4% Parp. Deb. Stir. 2pc.
Do. 12% Deb. Stir. 91/93 8pc.
Mid-Southern Water 7¼ % Deb. Sti 1990 23 pc. More O'Ferrall 10% 2nd Prf. Sp Moviem (John) 5.59 Mucklew (A. & J.) 7% Prf. 2.45p Murray Irrii. Tst. 4% Deb. Stk. 2pc. NSM 8.5p Crv. Prf. 4.25p National Westminster Bank 9% Sub. National Westminster 8a Uns. Ln. Stk. 1993 41₂ pc. Uns. Lh. Stk. 1983 4-2 pc. Newey 5% Prf. 1.75p Newes Inti. 8% 2nd Prf. 2.8p Do. 7% 1st Prf. 2.45p Newton, Chambers 5% 1st Prf. 1.75p North Surrey Water 5% Deb. Stk. 21 pc

Do. 13.625% Uns. Ln. Stk. 2007 Do. 9.3% Uns. LN. Stk. 95/2001 4,65pc. Pitney-Bowes 5½ % Cnv. Uns. Ln.

Queens Most Houses 12% 1st Mtg. Oeb. Stt. 2013 Sp. REA Hidgs. 9% Prf. 4.5p Do. 13½% Uns. Ln. Stc. 87/90 8.875pc. Do. 13½% Uns. Ln. Stc. 2000 Spc. Ramer Textiles 5% Prf. 1.75p Record Hidgs. 10% Prf. 5p Regis Property 8½% Gdd. Uns. Ln. Stc. 1997 4½pc. Relyon 7½% Uns. Ln. Stc. 86/91 3½pc. Revalescance 8.5% Cnv. Uns. Ln. Stc. 1994 425pc. Renaissance 8.5% Cnv. Une. Ln. Str. 1994 4.25pc. River Piate & Gen. Inv. Tst. 4% Deb. Stk. irrd. 2pc. River & Mercantile Tst. 5% Pri. Stk. 1./3p Robinson Bros. (Ryders Green) 11% Prl. 5.5p

Pri. 5.5p
Rockware 6½ % Pri. 2.275p
Rockware 6½ % Pri. 5.75p
Robort 9½ % Pri. 4.75p
Robort 9½ % Pri. 4.75p
Do. 11% Pri. 3.85p
Do. 5er. A Non-Dollar Pri. 70.3125cts.
Rugby 7 % % Lins. in. 5ik. 93/98 3% pc.
Co. 6% Lins. in. 5ik. 93/96 3pc.
Saint Andrew Tat. 5¼ % Pri. 5ik.
1.8375p 1.8375p Save & Prosper Ret. of Assets Inv.

Schroders 84, % Une, Ln. Stk. 97/ 2002 43-pc. Scottish Eastern Inv. 7st. 41-2 % Pri. Stk. 1.575p Scottish Mortgage & Tst. 6-12% Stepped Int. Deb. Stk. 2026 Spc. Scottish Natl. 7st. 8% Pri. 2.1p Stblin Martgage Blannes 8% Deb. Stk. Ship Mortgage Finance 8% Deb. Stk. 91/93 4pc. Simon Eng. 91, % Deb. Stk. 92/97

81/93 4pc.

\$Imon Eng, 9¹4 % Deb, Sik. 92/97

4⁵apc.

\$Irdar 7¹2 % Prl. 2.625p

\$lough Estates 11.25% 1st Mtg. Deb.

\$ik. 2019 5.625pc.

Do. 12¹8 % Uns. Ln. Sik. 2009 6¹6 %

\$outh African Brewerles 30cts.

\$pirax-Sarco Eng. 7¹4 % Deb. Sik.

\$8/97 3²5pc.

\$lestley 8¹4 % Deb. Sik. 85/90 3²5 pc.

\$underland & South Shields Water

7¹4 % Red Deb. Sik. 91/93 3²5 pc.

Do. 7¹2 % Deb. Sik. 91/93 3²5 pc.

Do. 11¹2 % Deb. Sik. 91/93 3²5 pc.

Do. 11¹2 % Perp. Deb. Sik. 1³5pc.

Do. 11¹8 % Deb. Sik. 92/94 5pc.

Do. 10 % Deb. Sik. 1988 4.9pc.

\$utton Dist. Water 3¹4 % Deb. Sik.

1⁵5pc.

Do. 880 % Deb. Sik. 1988 4.9pc.

\$utton Dist. Water 3¹4 % Deb. Sik.

Sutton Dist. Water 3¹4 % Deb. Stx. 1⁵4pc, Do. 5% Deb. Stx. 2¹2pc, Do. 7¹2% Deb. Stx. 91/93 3³4pc. Swire (John) 6.3% Pri. 3.15p T. & N. 11¹4 % Mtg. Deb. Stx. 95/2000 T. & N, 11% % Mtg. Deb. Stk. 95/2000 5°2 pc. Do. 10.1% Mtg. Deb. Stk. 90/95 5.05 pc. Do. 8% Mtg. Deb. Stk. 87/92 4pc. TR City of London Tst. 11½ % Deb. Stk. 2014 5% pc. Tarmac 7% % Mtg. Deb. Stk. 85/90 374 pc. Tate & Lyle 714 % Uns. Ln. Stk. 85/

90 3-5 pc.
Tendring Hundred Waterworks 4%
Deb. Stk. 2pc.
Throgmorton USM Tst. 5¹2 % Ptiy.
Cnv. Prt. 2.75p
Do. 5¹2 % Prf. 2.75p
Tomkins 5.6% Cnv. Prf. 2.8p
Tor Inv. Tst. 9.5p
Touchstree 6% Cnv. Lins. In. Sik ne 6% Criv. Uns. Ln. Stk. Touchstone 6% Cnv. Uns. Ln. Stk. 1997 3pc.
Tratalgar House 7 ½ % Prt. 2.5375p
Do. 7% Uns. Deb. Stk. 3 ½ pc.
Do. 10 ½ % Uns. Ln. Stk. 2001/08 5 ½ pc.
Trafford Park Estates 7 ½ % 1st Mtg.
Deb. Stk. 90/95 3 ½ pc.
Do. 9% 1st Mtg. Deb. Stk. 91/96 4 ½ pc.
Transport Dev. 4.7% Prt. 2.35p
Do. 6 ½ % Uns. Ln. Stk. 99/94 3 ½ pc.
Do. 8 ½ % Uns. Ln. Stk. 98/98 4 ½ pc.
Tribune Inv. Tat. 9 ½ % Deb. Stk. 2012
4 ½ pc.

4,50c. Turriff 5½% Prf. 1.925p Unicom Inda. 8½% Uns. Ln. Stk. 2000/ Unicaria (1995) 05 4¹4 pc. Unigate 6¹2 % Uns. Ln. Stk. 92/97 Unigate 8½ % Uns. Ln. Str. 92/97
34 pc.
Unitever 54 % Uns. Ln. Str. 91/2006
2% pc.
Do. 6½ % Uns. Ln. Str. 91/2006 3½ pc.
Do. 6½ % Uns. Ln. Str. 91/2006 4½ pc.
Do. 8½ % Uns. Ln. Str. 91/2006 4½ pc.
Do. 9½ % Uns. Ln. Str. 91/2006 4½ pc.
Usher-Walker 5% Prl. 1,75p
Value & Inc. 1st. 6½ % Cnv. Prl. 3,125p
Waddington (John) 5,6% Prl. 2,8p
Do. 4,2% Prl. 2,1p
Wateriond Wedfwood 11½ % Une Do. 4.2% Prf. 2.1p
Waterford Wedgwood 11 ½ % Une.
Ln. Stt. 75/95 65 pp.
Watmoughs 8 ½ % Prf. 2008 41 pp.
Weir 10% Deb. Stk. 88/94 5pc.
Do. 61 ½ N Deb. Stk. 85/90 31 pp.
Weilman 50% Irrd. Cnv. Prf. 5p
West Kent Water 3.5% Cons. Ord.
Stk. 1.75o

West Kent Water 3.5% Cons. Ord.
Stc. 1.75p
Do. 2.8% Prf. 14p
Do. 3.15% Prf. 7.875p
Do. 4% Perp. Deb. Stk. 2pc.
Do. 12½% Deb. Stk. 94/96 6½,pc.
Do. 10½ Deb. Stk. 83/95 5pc.
Do. 7½% Deb. Stk. 86/91 3¾,pc.
Westland 7½% Con. Prf. 3.75p
Williams Hidgs. 5½% Con. Prf. 2.8125p
Williamson Tea 6% Prf. 2.1p
Whiterhamston & Dudley Breweries Wolverhampton & Dudley 6% Pri. 2.80 6% PTI. 2.8p York Waterworks 5% Deb, Stk. 2¹2pc. Yorkshire Chemicals 5% PTI. 1.75p ETOMORROW BICC Cepital Finance 10.75% Crv. Cap. Bds. 2020 4.869589 Baltic 7% Cnv. Prf. 3.5p Beauford 7p (Net) Cnv. Prf. 3.5p Birminham 3 2 % Stk 1948 1.75pc. Birminham 3½ % Stx 1948 1.75pc, Do. 2½ % Stx. 1928 1.25pc, Do. 3% Stx. 1928 1.25pc, Do. 3% Stx. 1947 1.5pc, Blackburn 3½ % Irrd. Stx. 1.75pc, Do. 4% Cons. Deb. Stx. Irrd. 2pc, Blockleys 6% Prl. 1.05p Boosey 8 Hawkes 7% Prl. 2.45p Do. 5½ % Red 1st Prl. 1.925p Bowater Inc 30cts. British Colombia Electric 4% 1st Mtg. Bds. Ser. F. 61,91 2pc, Brownton Holdings 10

Bds. Ser. P. 51/91 que. Brompton Holdings 1p Calgary & Edmonton Raliway 4% Cons. Deb. Stk. 2002 2pc. Cambridge Water 4% Cons. Perp. Cons. Deb. Stk. 2002 2pc. Cambridge Water 4% Cone. Perp. Deb. Stk. 2pc. Do. 94 % Deb. Stk. 92/97 4.825pc. Do. 10% Deb. Stk. 96/98 5pc. Do. 13% Deb. Stk. 2004 8.5pc. Canadian Pacific 4% Perp. Cons. Deb. Stk. 2pc. Carbo 7.5% Prf. 1990 3,75pc. Coastal Corp 10cts. Coline Valley Water 10% Deb. Stk. 98/98 5pc.
Do. 5% Deb., Stt. 88/91 2.5pc.
Do. 5% Deb., Stk. 2.5pc.
Do. 4% Deb., Stk. 2.5pc.
Do. 4% Cons., Deb., Stk. (Irrd.) 2pc.
Do. 3/2% Irrd., Deb., Stk. 1/78pc.
Commercial Union 3.5% Prf. 1.75pc.
Crans Europe 5/2 % Prf. Stk. 1.75pc
Do. 3.5% Prf. Stk. 1.75p
Do. 3.6% Prf. Stk. 1.75p
Do. 3.6% Prf. Stk. 1.4p
East Anglian Water 2.8% (Fmly 4%)
Cons., Prf. Stk. 1.49

Do. 2.8% Prl. Stk. 1.4p
East Anglian Water 2.8% (Fmly 4%)
Cons. Prl. Stk. 1.4p
Do. 7% Prl. 9859 3.5p
Do. 4% Parp. Deb. Stk. 2pc.
Do. 5% Perp. Deb. Stk. 2pc.
Do. 5% Perp. Deb. Stk. 25pc.
Elliont (8) 3.15% Prl. (2000) 1.575p
Fill 7.7% Cnv. Prl. 96799 3.85p
First Chicago 50cts.
Fleming O'seas Inv. Tst. 4½ % Perp.
Deb. Stk. 2.25pc.
Friendly Hotels 7% Cnv. Prl. 3.5p
Do.4½ % Cnv. Prl. 2.375p
Fuller, Smith & Turner 4.2% 1st Prl.
2.1p 2.1g Do. 6% 2nd Prl. 4p GTE 39.5cts. Grand Metropolitan 8 % Prl. 2.1875p Do. 5% Prl. 1.759 Great Southern 8.75p Cnv. Prl. 3.375p Guinness 8 % Cnv. Uns. Ln. Str. 1998/2001 4.375pc.

Do. Pt % Deb. Stk. 9497 3.3125pc. Mountielgh Group 5.25% Cnv. Prf. 2.625p Mucklow (A & J) Group 11¹2 % 1st Mtg. Deb. Stk. 2014 5.75pc. Murray Inc. Trust 4.25% Prf. 2.125p

Spc.
Paramount Communications 17.5cts.
Panamount Communications 17.5cts.
Penhasular & Oriental Steam
Navigation 6.75% Cnv. Prl. Stk. 3.375p
Port OI London Authority 3% Port
of London A Stk. 29/99 1.5pc. Powell Duffryn 4 % Prl. 0.83125p Ranks Hovis McDougall 6% A Prl.

2.1p
Do. 8% 1st Prf. 2.1p
Do. 6% "5" Prf. 2.1p
Reading Corp 3% Stk. 1962 (or after)
1.5pc.
Reckitt & Colman 5% Prf. 1.75p
Reackitt & Colman 5% Prf. 1.75p Renold 8% Prt. Stk. 2.1p Republic New York 33cts. Russell (A.) 5.75% Cnv. Red. Prt. 2.875p Sastchi & Sastchi 6% Cnv. Uns. Ln.

South Australian 3% Cons. Ins. Stk. 1916 (or after) 3pc. Southend Property 51₂ % (Net) Cnv. Prl. 2.75p Sunderland (River Wear Comm) 3% Funded Debts Anns L5pc. Do. 4½% Funded Debts Anns 2.25pc. Swanses Corp Stk (3½%) 1.75pc. Tilling (Thomas) 4.55% Prl. 2.275p

Tozer, Kemsley 51₂ % Pri. 1.925 Willaire Fixed Rate Cnv. Pri, 4p Kerox 75cts. /ates (WE) 7½ % Prl. 2.635p /ork Waterworks 13% Deb. Stk. 1994

10 to Approx.
4pc.
Allied Partnership 1p
Plants. 121₂% Uns. Angio-Easiem Plants. 12*2% Un Appleby Westward 3p Associated Fisheries 44 % Pri. 1.6625p Do. 8% Prf. 1.4p

Beazer 5.05p Do. 8.67% Prl. 4.335p Booker 7.25p Bournemouth & District Water 2.8% Bournemouth & District Water 2.8%, Prl. Stt. 1.4p

Do. 105g % Deb. Stt. 1896 5 % pc. Do. 123g % Deb. Stt. 1895 6 % pc. Brent Walker Sp Do. Crw. Prl. 3p

Bridon 6% Prl. 1.05p

Bristol Waterworks 4% Cons. Deb. Stt. Irrd. 2pc.
Do. 38.0% Deb. Stt. 1896 4.9pc.
Do. 10.40% Deb. Stt. 2000/02 5.2pc. British Sugar 10 % Deb. Stt. 2013 5 % pc.

Striben organists Stape.
Calor Sp Carlton Comms. Cnv. Prf. 3.25p Chester Weterworks 8% Prf. Spt. 1982

Chester Westworks 6/3 FTI. 350-100-14p
Coats Viyella 3p
Courtney, Pope 6% Prf. 1.05p
DAKS Simpson 8.25p
Dalgety 11p
De La Rus 3.25p
East Worcestershire Waterworks 6.3%
Prf. Stk. 22/94 3.15p
Do. 9½ % Prf. Stk. 98/97 5.13p
Do. 3% irrd. Deb. Stk. 1½ pc.
Do. 5% irrd. Deb. Stk. 1½ pc.
Do. 5% irrd. Deb. Stk. 1924 2½ pc.
Do. 5% irrd. Deb. Stk. 1924 2½ pc.
Do. 5% irrd. Deb. Stk. 1925 2½ pc.

WORLD STOCK MARKETS

				WORLD	STO
AUSTRIA 1990 Price High Law December 28 Sch	FRANCE (eastinued)			SWEDEN 1 1790	Price
High Law December 28 Sch 3-430 2,100 Aestria Affines 2,840 7,300 3,000 Creditanstalt 3,200 29,590 16,330 Sche Allgeneise 19,00 19,400 8,000 Implementation 8,000 1,450 660 Laenderbank 1,370 1,423 8,000 Cellav 8,500 2,300 1,360 Pertmooser 1,400 1,400 695 Rader 725 3,400 1,460 Rainteglass 1,1651 230 113 Stayr-Oalenter 169 1,510 625 Verlache Mag 4,50 770 4,100 Weenberger 4,900	0 3,480 2,150 Bongrain 2,250 663 349 Bongrain 429 726 352.2 CFAD 420 1,534 785 CUP 796 993 766 Canuth 823 3,780 3,045 Curefour 3,280 215 108 Culpo 123,80 649 324 Cetelem 457 1,376 652 Curyears 652 1,813 913 Claress Fr. 915	175 1075 Sertifier Kraft 115 528 343 SHF-Bank	High Law December 28	Lire High Low Deces 10,395 200 225 AGA 62 10,100 11,300 11,300 850 AGA 43 Assa 11,772 560 337 Astra 27,600 380 143 Assa 27,600 381 124 Electro 10,060 311 124 Electro 175 175 180 Carbon 175 180 Carbon 175 180 Carbon 175 180 Carbon 180 132 180 Carbon 180 180 Carbon 180 180 Carbon 180 Car	1 (Free)
#ELEIUM/LUXEM6QURG 1990 High Low Becausier 28 Price 5,770 2,290 ACEC binder Min 2,265 5,750 2,900 Arbed 2,900 1,520 2,900 Bank bat, a Lox 13,000 15,000 1,000 Banges n. b. Lox 13,000 2,470 1,004 Barco 1,122 16,809 7,350 Brissert 7,440 9,900 5,950 Ciment CER 5,690 5,990 4,630 Cohepa 4,700	788 382 Cub Mediterranee 441.1 - 486 345 Cegiff 375 - 652 460 CPE 375 - 771 943 Copares 578 - 582 141.2 CCF 157 - 1,420 822 Cref Foncier Fr 834 - 878 501 Cref Lynna (Cl 561 - 1,591 861 Creft National 99 - 4,330 1,743 Dampart 1,744 - 5,770 2,870 Docis de France 3,855	240 128.5 Deckel (Fr.) 135.5 588 270.5 Deguss	132,8 103,9 AEGON 742 55,9 Abold	33 00 288 125 Sands 107.10 36 185 Sands 66.50 228 125 Stand 71.5 55 Stand 175.00 377 185 Stand 177.30 130 69.5 Stand 194.40 104 87 Stand 194.80 104 87 Stand 195.50 190 94 Trellah 185.90 190 94 Trellah 186.40 453 196 Volvo 186.40 187.50 190 94 Stand 187.50 190 94 Stand 197.50 190 190 190 190 190 190 190 190 190 19	zola B Free . 140 kt B (Free) 225 ka (Free) 127 km B Free 67 km B Free 55 km B Free 36 km B Fr 95 km B Fr 95 km B Fr 207
5,990 4,630 Coheps 4,700 6,030 4,630 Do.AFV1 4,800 214 132 CockerIII 143 2,970 1,850 Cohryt 2,655 6,920 5,000 Delhalze 5,900 4,560 3,755 Electrabel 4,925 7,990 5,900 Electrafies 6,130 5,44 94 Fabrique Mat 103 1,476 1,060 Gill George 1,070 1,460 3,220 CBL(Byrac) 3,360 4,430 3,200 De.AFV 1 3,250 952 628 George 650 953 602 Do.AFV 652 5,900 4,110 Generale Bank 4,165	1,400 872 Epeca-Servano, 901 604 250.1 Ession	1583 970 Heckitz 1075 1371	35.4 22 Gist Brocades	285.0 233.5 730.0 A63.1 is 256.0 0c, pt 256.	at (Br) 890 g.Certs. 75 Set Losza 850 g. Certs 73 Hid Pig 2,130 Box (Br) 3,830 E 676 By (Br) 2,470 gl 2,470 gl 2,470 gl 2,030 Cest 1,970
6,100 4,350 Do. AFV I 4,455 8,990 6,250 Gernart 6,550 4,625 3,140 Kredletbank 3,395 4,690 3,100 Do. AFV 3,375 15,470 11,000 Pas Holdings 12,950 12,750 9,770 Petrofina 9,823 6,850 4,000 Royate Beige 4,000 6,900 4,020 Do. AFV 1 4,330 3,505 1,885 Soc Geo Beige 1,865 3,650 1,900 Do. AFV 2,270 14,700 10,256 Sofrina 10,600 15,325 9,200 Solvay 10,500 10,300 4,910 Tessendorio 5,460 10,025 4,900 Do. AFV 5,490 9,740 6,710 fractebel 7,420 9,500 6,510 Do. AFV 1,200	484.8 143 Hachetze	1,280 850 Lakineyer 1,010	63.5 33 Oce Grinten 3 46.8 34 Ommerse Vand 4 225.5 143.2 Pathoed 3 47.4 128.8 Politics 3 37.8 24.3 PolyGram 3 110.8 83 Roberts 6 82 48.3 Rodamon 5 109.8 77.6 Rollinet 6 60.3 57.1 Roment 6 154.7 128.7 Royal Dottch 1 164.9 134.6 Unilent 1 59.6 46.7 VISE Stark 4 113.5 73.7 VNU 8 76.2 33.9 Wessaren 6	99.90 5.900 4.600 Hotzst 9.300 1.900 1.900 Jelmeio 1.010 4.70 1.575 270 De. Pg 1.575 225 Lands: 1.47 23 De. Pg 1.355 1.70 Lee Hiller 1.355 1.70 De. Pg 33.46 990 710 Mag. G 5.50 70 Jeller J. Steller 1.365 8.600 De. (Re 90 70 De. (Re 90 70 De. (Re 90 Resteller 1.365 8.600 De. (Re 90 9.400 8.960 Resteller 1.365 8.600 De. (Re 1.365 8.600 De. (Re	## (Br) 5,500
25,000 14,850 pb. AFV 17,000 2,645 2,065 Unerg 2,505 pb. AFV 2,225 12,250 5,850 Wagons Lits 7,500 11,400 5,630 pb. AFV 6,230 DERMARK 1990 High Law December 28 Kr	136 68.2 Maistors Péenix 134 280 205 Maistors Péenix 212 2 679 440 Mertin-Gertin 459.3 176.8 581 Midi Utel 960 152 70.6 Moltin Utel 960 152 70.6 Moltin Utel 960 152 70.6 Moltin Utel 76 152 70.6 Moltin Utel 76 152 70.6 Moltin Utel 76 153 145 Wardsutton Mist 1.290 159 1310 0FP 1,460 159 1310 0FP 1,460 159 1310 155 150 216.9 Paris Ressonate 216.9 1850 1,300 Pechelbrun 1,335 1,340 902 Pernol Richard 928	2,499 1,540 Reciselektra 2,170m 516 348 Reciselektra 370.2 415 280 Do. Pref. 370.3 460 284 Blesinstali Berl 285 303 173 Do. Pref. 175 421 340 Reciselali Berl 285 585 597 Schering 700 322.5 168 Schmalbach-Lub 297 816.2 514.6 Stemats 585.2 825 607 Springer Azel Ry 720 825 566 Sod-Chembe 600 335 178 Thysais 184.5 450 287 Varta 308.5 492 288.5 Veba 236.5	MORWAY 1990 P	1,880 910 Pargess 1,800 910 Pargess 1,80	irle 410 irleg 950 set 355 set 8,000 isigs (Br) 6,650 set 9,000 isigs (Br) 4,550 isigs (Br) 6,000 isigs (Br) 6,600 isigs (Br) 280 set (Br) 280
736. 65 225 Des Danche Bank . 238 225 18.3 5 East Astatic 163.5 1.055 713.8 FLS Inds. 8 228 225.2 680 GN Great Nordic 720 1.000 680 Hafris linest A 810 940 780 1.5.5.8 Systems 333 1.570 1.030 Liserficen (J.) B 1,030 1.550 80 Maris (Tragen A 345 343 277 Nord Nordist 329 346 3277 Nord Nordist 329 340 1.030 1.018 Sophis Bernates 1.210 1.030 1.018 Sophis Bernates 1.210 1.000 1.018 Sophis Bernates 1.210 1.000 4.000 Superior 4.000	1,869 1,034 Parrier 1,095 919 4791 Peugent S.A. 493 559 380 Polist 391 1,240 878 Precibil 50cm 990 777 431 Printenps Aa 583 2,280 1,750 Promotes 1,949 730 303.1 Radiotisch 303.1 3,640 2,190 Rediotisch 3,270 485.5 191 Reser-Poet (Co) 236 2,379 1,630 Russel-Uclaf 1,895 2,979 1,630 Russel-Uclaf 1,895 2,700 1,248 Sageth 1,450 670 326.5 St.Eobaln 3,57 1,618 1,095 Salpt 1,005 1,190	256.5 198.8 V.E.W. 206 455 314 Versis-War 328 444 351 1 Visa 335 444 351 1 Visa 335 543 284.5 lo. Pref. 295 783.5 69 Weils Pref. 705 368 190 Zanden Fein'per 229 ITALY 1996	224.5 160 Norsk Hydro 11 184 11 Norsk Stop A Fr. 12 285 180 Orkia Bort Greek 2 189 81 Stag 184 A Free 11 193 84 Saga Pet B Free 16 158 102 Storebrand Greek 182.5 60 Vard A S A	19.00 design 431 Do. Ptg. 25.00 1.865 4.31 Do. Ptg. 25.00 1.865 1.025 Swits W. 25.00 Union B 15.1 Do. Ptg. 33.5 1.8.00 E. 4.180 2.580 Union B 15.1 Do. Ptg. 34.00 3.200 Wintert E. 2.560 1.600 Do. Ptg. 25.00 Do. Ptg. 25.0	histor 2,960 544 olisibi 1,140 asik (8r) 2,730 her 3,650 643 ss 4,050 1,875
Title	1,142 706 Sanofi 732 1,179 587 Schneider 632 1,380 991 Seb SA 1,203 550 335 Selfines 423 550 335 Selfines 420 550 335 Selfines 420 561 Sich Rootsprol 777 629 335 Soc Gest, de Fr 379,3 620 335 Soc Gest, de Fr 379,3 620 335 Soc Gest, de Fr 379,3 620 335 Soc Gest, de Fr 379,3 621 335 Soc Gest, de Fr 379,3 622 335 Soc Gest, de Fr 379,3 623 335 Soc Gest, de Fr 379,3 624 345 Soc Gest, de Fr 379,3 625 335 Soc Gest, de Fr 379,3 626 335 Soc Gest, de Fr 379,3 627 335 Soc Gest, de Fr 379,3 627 335 Soc Gest, de Fr 379,3 628 335 Soc Gest, de Fr 379,3 629 335 So	381 225 8astopl-IRRS 276 14,730 7.250 Burpo (Cartiere) 7,740 15,790 2,395 CIR 2,544 1,490 686 Caffaro 703 4,273 1,910 Cementl 1,950 1,970 2,990 Cigalottel 3,010 4,960 2,560 Corlido 2,770 3,039 2,080 Credito Iteliano 2,275 1,290 7,050 Danieli 7,280 1,670 985 Entiment 1,573 1,0345 7,051 Eridania 7,430 3,287 1,901 Ferruzzi Fin 2,152 1,1320 5,169 Fist 5,490 7,820 3,991 50, Prin 5,490 7,820 3,991 50, Prin 5,590 7,820 3,991 50, Prin 5,590 8,478 5,445 Eride 5,590	3.910 2.150 Sanco Hispano 2. 10.000 6.800 Sanco Popular 9, 5.842 3.650 Sanco Popular 4, 4,973 2.700 Sanesto Sartander 4, 13.360 4.600 Citroe Hispania 6, 6,350 4.310 Corp Fin Alba 4, 6,910 3,545 Corp. Maptre 3, 3,091 2.073 Draspédos 2, 3,090 1,900 Etro 2, 3,090 1,770 Eadeas 2, 2,590 1,770 Eadeas 3, 2,590 1,770 Eadeas 4, 1,841 595 Errors Mt 4, 1,841 595 Errors Sp Carburos Mt 4, 1,560 790 Esp Carburos Mt 5, 1,560 790 Esp	503 82.5 55 Alfied Tr 500 147.75 89.5 Aspid A 500 147.75 89.5 Aspid A 150 54.5 29.75 Barlow I 150 54.5 29.75 Barlow I 200 77.25 42 Barlow I 77.0 21 7.7 Declina 77.0 21 7.7 Declina 155 19.75 33.25 Driefond 155 19.75 6 East Ras 165 40.5 20.25 Elandors 165 19.75 19.75 6 Ess Ras 165 40.5 20.25 Elandors	x2
135.5 22.5 Politota % Free 66 46 21 Rauma-Repota 23 235 80 Suckmann % 93 125 28 Tampella (Free) 18 167.5 85 Ucd. Paper Prf 85 471.5 360 Wartsita (S111 387 FRANCE 1990 High Law Besenher 28 Frs.	1,022 646 AG las & Verinir , 795 1,100 650 Auction No. They , 660 2,963 1,938 Allians AG , 2,670	59,160 37,100 Foodbrid 38,510 2,450 1,521 Gemba 1,620 40,809 27,500 Gemba 1,620 40,809 27,500 Genzall Action 29,005 5,505 2,510 Gilardini linds 2,575 30,680 11,220 IFI Priv 13,899 11,000 4,600 Raicement 13,800 13,200 2,500 Raigement 13,000 18,400 11,280 Lioya Adriation 13,000 18,400 11,280 Lioya Adriation 13,000 12,500 12,350 Magnell Marell 886 22,500 12,350 Magnell Marell 886 21,08 1,000 Rointeilison 1,385 7,699 3,030 Gilvetti 3,220 11,400 5,000 Pirell Co 5,700	5,100 2,140 Fass Researt 2,140 Fass Researt 2,140 Fass 2,140 F	193 11,75 Highred 2 2,84 1.65 ISCOR 550 78 47 Kimruss 1 2 46,75 27,25 Kinor Go 0 11 2 Libanon 11 2 Libanon 12 12 12 Micor 2 10 12 8,75 Rector 10 0 R Bazz 10 12 5 47.5 Rabor 1 13,75 12.2 Rentran 195 13,75 12.2 Rentran 195 5 50 30 Safrando 5 6,25 Sace Hol 10 5 6,25 Sace Hol 10 5 6,25 Sace Hol	95. 17.75 Stotel 13.25 L88 Sold 52 Main 29.75 Gold 225 L11 227 14.5 Makey 60 dt 15 L88 L88 L88 L88 L88 L88 L88 L88 L88 L8
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	2/1) 24/8 2/1/90 8/4/32 Day's High 2639.11 (2652.23) Low 2607.92 (2616.58)		± ₩ 388.29 (20)7 310 58 (21/12)
STANDARD AND POOR'S	_		± 677.3 (29/1) 395.4 (18/12)
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	sc.19 Dec.12 year ago (approx.)	MALAYSIA KLSE Companie (4/4/86) 500.88 500.72 501.9	
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NEW YORK ACTIVE STOCKS	TRADING ACTIVITY	CRS All Sur (End 1963) 168.3 169.5 M	
Stocks Closing Change Friday traded price on day	† Volume Millions Dec. 26 Dec. 27 Dec. 28	050 SE 0m6 02(183) 677.01 661.02 (c PHALIPPERS	
Am Express 1,647,000 2014	New York 111.040 102.900 78.730 Amer 12.276 9.359 7.957	Marila Comp (2/1/85) 651-62 651-65 657-7 SBIGGAPORE: SES AT-Suppore (2/4/75) 323-28 321-60 318.9	
Santo Bus 1,214,800 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	NASDAQ 6u) 102,724 72,374 8xxxx Traded 2,017 2,001 1,951 Rises 706 586 780	SOUTH AFRICA	61 2290 (IA/II 1111.6 (IR/I2)
Tops R US 1,064,700 21% - 4 Occidental Pet 1,046,700 184 - 4	Falls 788 905 521 Hockanged 523 510 550	15E Indistria (28/9/78) 3023.04 3003.0 (c) SOUTH KOREA**	(a) 3211.0 8/20 2540.0 0.00s
Georgia Guif 1,017,200 10 + 1; Ford Motor 957,700 261;	New Highs 22 13 10 Heer Lows 52 41 36	Kores Comp Ex. 14/1/803 10 60 696.11 SPAIN	
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TORONTO Dec. Dec. Dec. Dec. 28 27 26		Seiss Baust (nd. 031/12/58) 628.5 629.9 62 SBC General (144/87) 520.1 520.6 62 TANNAN	
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MONTREAL Portfolio 1712.79 1713.97 C	2 1713.77 2060,90 (3/1) 1607.24 (16/10)	Bangkok SET (30/4/75) 612.86 6(3.81 688.88	· · · · · · · · · · · · · · · · · · ·
Base values of all lockers are 100 except NYSE All Toronto Composite and Metals - 1000. Toronto in	Common – 50; Standard and Poor's – 10; and dices based 1975 and Montreal Portfolio 4/1/	M.S. Captast Intl. CL/12708 (S) 461.5° 458.5 459.1 "Saturday December 22: Taiwan Weighted Pr	459.9 571.8 (4/1) 423.1 (28/9) for: 4167.81 Kores Copy Ex. 705 43
83. † Excluding bonds.: Industrial, plus Utilities, F Unavallable.	Financial and Transportation. (c) Closed. (e)	i Subject to official regalesistics. Base values of all logicus are 100 escept: Bressels SE, ISBQ (adustrials – 264,3 and Australia All Ordinary and Missing –	NEW 25 DAX - 1000 JSE GM - 257 JSE 26
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TOKYO - Most Active Stocks Friday December 28							
Nippon St	Stocks Traded 8.3 5.6 3.1 2.9 2.5	Closing Prices 448 456 1,130 1,760 666		Tok Sec Pyre Kewasald St NRCK Tokyo Gas Marubeni	Stocks Traded 2.1 2.0 1.9 1.9	Closing Pyfcas 2650 410 402 565 660	Chang on de

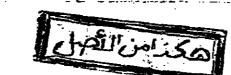
EUROPEAN RELOCATION

The FT proposes to publish this survey on

June 17th 1991.

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FT SURVEYS



Melalina in the

Maria da	FINANCIAL TIMES MON	DAY DECEMBER 31 1990			<u>.</u>			
		Unit Lait Care. Bid OfferVield City- Unit		MANAGED FU	NDS SERVICE	For Current Unit	t Trust Prices on any telephone ring). Calls charged at 44p per minute pe	direct-0836 4 + five digit code sak and 33p off peak, inc VAT
	AUTHORISED UNIT TRUSTS E	Srown Shipley & Co Ltd (1090)F Confed	Bart Carc. Bid Offer Teld Gib- er attion Funds Maryt Ltd (1280)F er attion	Corpe Frice Fried (Age Corp. C	Land Cases. Bid Office Priod City. But Prior City. Comp Prior Prio	List Case. Bild Offer Field City Gettle Clark Price Cr 7 West Running From Fire Running From Fire Price Cr 7 West Running From Fire Runn	Latt Gaze. But Prior Prior City- Diese Prior Prior City- Prior Cit	Latt Cast. Bild Offer Viet City-Care Price Er's like Price Er'
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MONDAY INTERVIEW

Caring, cuddly Tory

Chris Patten, chairman of the Conservative party, talks to Philip Stephens

r Chris Patten is the cuddliest face in the new caring Conserva-

After 11½ years of less-than-cuddly government under Mrs Margaret Thatcher, his job as party chairman in the run-up to the general election is

Mr Patten has to persuade the voters that Mr John Major will preserve the best of Mrs Thatcher's legacy while the government is jettisoning the harsher policies which led her own supporters to ditch her.

It has not been hard for him to master the new vocabulary.
Mr Patten is no longer the traditional "Tory wet" whose
vocal opposition to the simplistic monetarism of the early 1980s cost him years in the political wilderness. Several years ago he embraced the market economics at the heart

But Mr Major's promise of an "opportunity society" coin-cides neatly with Mr Patten's instinctive allegiance to a Toryism rooted in the traditions of Rab Butler and Ian Macleod rather than in the the-

"We're going to be setting out an agenda for the next decade that will draw on the 1980s but be different, and be different partly because of the personality and the leadership of the new prime minister," Mr Patten said near the start of our hour-long interview. The awkward link between

past and future is a recurring theme. Conservative ministers want to offer a distinctive future without disavowing the past which they had prominent roles in shaping. They want to herald a new era of collegiate cabinet government without admitting that they submitted meekly to the authoritarian style of Mrs Thatcher.

Mr Patten, a master of the elegant phrase and the neat sidestep, provides some clues to the new approach. He talks of preserving the core of her achievements, but then slips into distinctly unThatcherite phrases such as "welfare capi-talism", "sound money and social responsibility", "the

social market economy' It is time, he says, to look at the jungle of tax and benefit traps at the bottom end of the income scale which deprive the poor of the opportunity to exploit their talents. State education must be good enough to ensure that nobody feels obliged to send their children to fee-paying schools. The inner cities must be revital-

ised. His appointment as chair-

designed to assault the profes

Services Act 1990 receiving the royal assent on January 1 1990.

the profession is now able to take stock of this inroad upon its role and function in the

1990s. The bar's relative con-tentment with what has finally

emerged from parliament is a measure of its fighting weight

and ability to wrestle with gov-

Thatcherite doctrine of indis-criminate, radical reform of all

corporatist action that mili-

tates against individual

self-help. The legal profession

could no longer remain immune from political influ-

managed to concoct for itself

importance but of supreme sig-nificance to the two branches

in this respect, actively rival branches - of the profession was over rights of audience.

The bar hung tenaciously to its

insistence of advocacy-monop-

clamoured for an extension of

the rights of audience in the

lower courts, in which some

(particularly outside London)

regularly do appear. The origi-

nal proposals in the bill to

widen the scope of advocates

have been whittled down. Any

oly in the sunreme court. Solicitors, for their part,

The battle of least practical

in the past.

ernment and legislature. The government and its ensuing bill reflected the

man was an important symbol of Mr Major's determination to break with the past. The prime minister sacked only a handful of Mrs Thatcher's ministerial acolytes, but that phrase "one of us" has already taken on an entirely new meaning.

It no longer signals unques-tioning adherence to the certainties and convictions of Thatcherism. Instead it marks membership of an inner circle of 45- to 50-year olds in tune with Mr Major's brand of Con-servativism. At 46, Mr Patten is a prominent member.

He promises an election manifesto that will be "replete with ideas". It will be positive, serious, forward looking - and (here there is an important qualification), where appropriate radical

He talks of "popular" rather than "populist" programmes, of mobilising consent for change rather than driving it through regardless, of estab-lishing a direction but then being more relaxed about how fast you get there. Mr Kenneth Baker's brash

sloganising, in which Mr Neil Kinnock's Labour party was equated frequently and luridly with the more tyrannical of the fallen communist regimes in eastern Europe, has disappeared. Mr Patten is condescending about Mr Kinnock and adamant that the Labour party has failed to shape a coherent programme for gov-ernment. But he does not see the opposition as a threat to understand it. Nor does he see much mileage in harking back to the 1970s

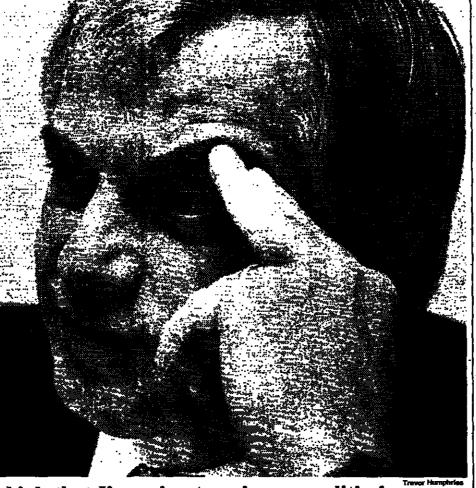
"When we first formed a gov-ernment, my eldest daughter was in the infants' class at primary school and she'll be voting come the next election, going up to university; now Kate, bright girl though she is, doesn't actually respond when one starts talking about Denis Healey and the IMF ... it's about as fresh and relevant as talking about the battle of Bos-

worth Field."

The implication is clear: "That argues to me very strongly that we have to win

But that takes us back to the start of the interview. Surely Mr Kinnock has a point when he says that the style, the rhetoric may have changed, but the policies are the same.

The problems have not changed, Mr Patten admits. The government still faces a difficult period of economic adjustment (code for recession); it still has to get on top of inflation; it has to make sure



'I think that I'm going to enjoy my politics'

that industry becomes more Nor, for all the talk about better public services, is it planning a spending spree. "It isn't going to be a government

which thinks - to summon a cliché from the closet - that you can solve problems by simply throwing money at them."
He turns to personalities. The present cabinet is a product of Mr Butler's 1944 Education Act. "You look round a lot of my colleagues and see grammar school, direct grant school scholarships writ large...Cer-tainly, speaking for myself, I would reckon that Butler and the '44 act made me, rather

PERSONAL FILE

1944 Born Lancashire, educated St Benedict's School, Ealing, and Bal-liol College, Oxford. 1968-70 and 1974-1979 Mem-

ber and director of Conservative Research 1979 Elected to parliament as

MP for Bath. 1983-85 Junior minister, Northern Ireland Office. 1985-86 Minister of state, education department.

1986-89 Minister of state for overseas development. 1989-90 Secretary of state for the environment 1990 Chairman of the Conser-

than Balliol. Now, I think that the prime minister himself brings to that question of extending opportunity not only... a certain romance and dash. It is a magnificently improbable story - from Brixton to Chequers.

"But he also brings a strong sense of personal commitment. And I believe, myself, that it's going to be a very important part of our message." Opportunity does not mean

nothing wrong with the notion

that wealthy families can buy their children a better educa-tion than the state provides: "I don't believe that trying to make everybody more equal in income has today, has ever had, or will ever have, much to do with Conservatism."

cellor of the exchequer.
Friends say that he is deeply disappointed that Mr Major's

victory at the age of 47 appears to have closed the door perma-

nently to 10 Downing Street. He insists though that he is

ing" position as party chairman. "I think that I'm going to enjoy my politics, whatever the problems, a great deal over the next year or so."

A comment dropped in during a discussion of his Christianity perhaps explains why.

A devout Catholic, he talked about his belief in original sin.

It is a concept much favoured by the Thatcherite wing of the

Tory Party to justify the need

for individual incentives in the

marketplace. But Mr Patten said he was also a believer in "original virtue" - the gener-osity of spirit which brings out

That perhaps was it. Mr

different because it would

recall the virtue as well as the

the best in people,

"an exceptionally interest-

Then: "What you can do is to try to ensure that people have equal access to opportunity and that they have as much common entitlements to getting on, to making the best of their abilities, as possible."

It still sounds a bit vague, though Exactly what does it mean for the young people sleeping in the Strand?

Mr Patten takes refuge in a reluctance not to pre-empt the policy agenda that Mr Major will be setting out in coming months. "It's for the prime

minister initially to put up the signposts." It is a weak answer. Nor is he is prepared to anticipate the latest review of the poll tax, save to say: "I think that we're unlikely to go into the next election committed to retaining precisely the system of local government

finance we've got now."

He talks instead about the failure of governments for more than 20 years to get the balance right between local and central administration: ment in some of our municipalities is a democratic scandal."

Many would agree, but from the man who tried - and failed - as environment secretary to make the poll tax work, eloquent dodge. How relevant will his daughter Kate find the failure of local government reform in the 1960s when she receives her first poll tax bill? So we turn briefly to Mr Pat-

ten. In different circumstances he would have challenged Mr Major for the party leadership. As it was, he supported Mr Douglas Hurd. In the process equality - even equality of opportunity. Mr Patten sees he also denied himself the job that he would like most after that of prime minister - chan-

domestic agenda s the January 15 dead-line for Mr Saddam Hussein to withdraw from Kuwait draws closer, President George Bush remains preoccupied by foreign policy issues. But many Republicans are now arguing that if more effort is not put into domestic policy, the Grand Old Party will have little hope of

gaining ground in the 1992

elections. It may hang on to the White House but it will

remain neutered by the Demo-

on America

cratic majority in Congress. In domestic terms, recent nonths have been vexing. Mi Bush's renunciation of his "no new taxes" campaign pledge deeply offended many rightwingers who complain that the guiding stars of the Reagan era opposition to communism and opposition to taxes - have now both been extinguished.
Republican drift, they say, has allowed the Democrats to regain the political initiative by traditional ploys — such as drawing attention to the growing inequality of incomes.

The chorus of complaint was briefly stilled by the news that Mr William Bennett, the pug-nacious former leader of Mr lomestic issues.

Bush's crusade against drug abuse, was to become chairman of the Republican National Committee and lead preparations for the elections. But Mr Bennett, an intellectual who had been expected to browbeat leading Democrats, withdrew at the last minute, complaining that he had not taken a "vow of poverty" and wanted to earn lucrative fees from books and lectures.

The Bennett fiasco was swiftly followed by a row over college scholarships for racial minorities. The Education Department ruled that institutions receiving federal support tions receiving federal support could not make race the only criterion for the receipt of scholarships. This position appeared consistent with Mr Bush's vetoing of civil rights legislation proposed by Congress and was applauded by right-wingers seeking a "colour-blind" society. But the White House quickly backtracked, arguing that race-based scholarships were based scholarships were acceptable if privately funded.

The scholarship row under-

lined the dilemma Mr Bush

Bush must tackle

faces on domestic policy. Right-wingers such as Mr Newt ngrich, the minority whip in the House of Representatives, believe the Republicans can gain ground only by adopting the kind of radical free market policies championed by Ronald Reagan and Barry Goldwater. But other powerful figures. such as Mr Richard Darman, the president's budget director. and Mr John Sununu, the White House chief of staff. appear to support a less con-frontational approach, accept-ing the need to co-operate with congressional Democrats on

Prominent among Republican radicals is Mr Jim Pinker-ton, a young White House aide who helped destroy former Governor Michael Dukakis's presidential hopes by focusing attention on his furloughing of Mr Willie Horton, a convicted murderer. Mr Pinkerton is now promoting an allegedly new approach to social problems called The New Paradigm. The phrase is drawn from Thomas Kuhn's classic book The Struc-ture of Scientific Revolutions. An example of a paradigm shift occurred when Copernicus and Galileo overturned Ptolemy's 1,000-year-old doctrine of an

earth-centred universe. Mr Pinkerton believes a paradigm shift is now overdue in the realm of social policy. The crisis in our cities, the crisis of our roads, the crisis of our schools - these are all symp-toms of a larger crisis, the ter-minal crisis of the Old Paradigm," he wrote in a recent paper. His thesis is that while the collapse of communism demonstrates the failure of socialist and bureaucratic

approaches to human prob-lems, much of the American public sector still operates on the basis of these defunct prin-ciples. He thus favours a focus on competition, choice, decentralisation and "empower-ment" of the individual in all fields of social policy.

Right-wingers hope that Mr Bush will build a new domestic agenda around these stirring themes. But Mr Darman recently poured cold water on the Pinkerton paradigm, arguing that it was unoriginal and pretentious. He ridiculed the constant pressure for new policonstant pressure for new pon-cies and warned that in the real world people might just dismiss Mr Pinkerton's approach with the refrain "Hey, brother, can you para-digm?" Mr Sununu has been more circumspect, commenting only that capitalism and the promotion of free markets will Bush's domestic policy.

Concepts such as choice and empowerment, while theoreti-cally attractive, are hardly new and offer dubious electoral benefits. Richard Nixon agenda when he accepted the Republican presidential nomination in 1968. More recently, Mrs Thatcher's social reforms were based on precisely these principles. And they did little, it has to be said, either to improve performance or to enhance her fading popularity. In all probability, Mr Bush paradigm rhetoric, rather as he light" and a "gentler, kinder America". He may also announce a few pilot projects, especially in education where the "choice" school has quite a following. But it is hard to imagine this president promo-ting a violent change of direction in social policy. The new budget rules concocted by Mr encourages Democrats and Republicans to haggle over the grammes rather than question heir fundamental rationale. This is a straitjacket that Mr Bush, who often appears to have the mentality of a secretary of state rather than a president, will be more than happy

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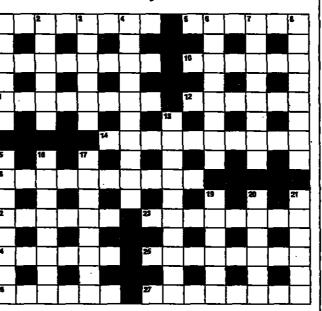
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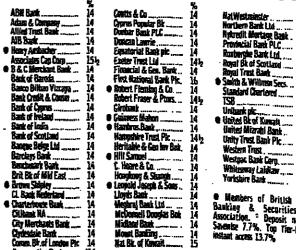
EASTERN EUROPE

survey on February 4 1991.

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Time is ripe for reform public by the legal pro-fession have been a verifession have been a veritable political football ever since the government published its three green papers in January 1989 (followed by its white paper in July 1989)

sion most passionately wedded to a range of restrictive prac-tices and outmoded babits of working. With the Courts and Legal

change in the future in rights of audience will be subject to the new machinery, which includes a lay-dominated advisory committee (with a judge as chairman), the Lord Chancellor and four senior judges. Each of the four senior judges retains an individual veto, an amendment to the bill unsuccessfully resisted by the solici-tors. The chairman of the Lord Chancellor's Advisory Committee is a law lord, Lord Griffiths, who has been warmly wel-

comed by the bar.

JUSTINIAN

The Law Society has inserted into the legislation the general principle that all advocates must accept the cab-rank rule: subject to availability and proper remuneration the advocate cannot pick and choose his clients, as solicitors may do in the course of their practices The most undeserving and unsympathetic rogue is entitled to the best advocate available. The Law Society's attempts to obtain immediate extensions to solicitors' existing rights of audience - eg. to conduct pleas of guilty in the crown court and to appear in all interlocutory business in the high court - failed.

winner. Rights of audience will be conceded to other than barristers in private practice only in small doses and in no great hurry. The most likely immedi-ate change will be to accord the rights of audience to lawyers employed in the Crown Prosecution Service, a right being claimed by the Director of Public Prosecutions.

The most significant aspect of the legislation is to be found in the impetus it has provided in the imperis it has provided to the profession to reform itself. Access to justice is a constant theme of statements from spokesmen for the profession. The profession has noted how, since 1979, nearly 15m people and 5½m households have become ineligible for civil legal aid. The force of future legal aid. The focus of future encounters with governments will be on resources from pub-lic funds to sustain legal aid and advice to the citizen.

The future of neighbourhood

law centres, increasingly starved of funds, will be crucial to public contentment with legal services. The profession is naturally exhibiting its wish to take up the cudgels of the

In its annual report for 1990, the chairman of the Bar Council (recently elevated to the high court bench - a traditional reward) echoed the general view of barristers that "there is a new sense of confidence, a new determination to develop strategies to ensure that the continued existence of the independent bar is never threatened again". The castigation for that threat to an inde-pendent bar, which the Lord Chancellor received at the hands of the judiciary in a special House of Lords debate in late 1989, is recalled but the mood now is one of bruised

worst fears have not been ful-filled. On that occasion, the Lord Chief Justice, Lord Lane, was the most vociferous critic of the government in its per-ceived intrusion into the con-trol of the courts by the judges and thence incluctably imping-ing upon the independence of the judiciary. Apart from this encounter with government, Lord Lane's tenure of office has been torrid, inflated by recent public disquiet over a number of miscarriages of criminal justice. Talk in the Temple is that after 10 arduous years, Lord

Lane is ready to retire. His

feelings and relief that the

intellectually vigorous approach to problems of crime and punishment and his dedication to a system of justice free from executive interference or unnecessary influence has been outstanding. The profession's preferred successor would be Lord Justice Taylor, the author of the Hillsborough Stadium inquiry report. He is in the same mould as Lord Lane and shares an antipathy for the recent troubles with Whitehall. An outsider to suc-ceed as Lord Chief Justice is Lord Justice Russell, whose background image reflects that cunian, a non-Oxbridge law graduate and a notable former cricketer, he is warmly regarded by the profession. He is forthright in decision-making, without pomp in style and highly congenial in addressing the audience in the courtroom At a time when criminal jus tice is due for a shake-up in the wake of the investigation into the Guildford Four, the Birmingham Six and other couses cclebres, there could be nobody more amiable amenable to

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